

**FINAL BUDGET OF**  
**KHâi-MA**  
**MUNICIPALITY**

**NC067**



**2018/19 TO 2020/21**  
**MEDIUM TERM REVENUE AND**  
**EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

LED	Local Economic Development	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipal Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		

## Part 1 – Final Budget 2018/19

### 1.1 Mayor's Report

#### Final Annual Budget 2018/2019

The operating and capital budget of the Council has been compiled in order to comply with the Local Government: Municipal Finance Management Act, no. 56 of 2003

The municipality has completed its IDP review process for the 2017/18 Integrated Development Plan (IDP) strategically. The IDP is a five-year living document which correctly focuses mainly on addressing the needs of our communities. The central role played by our communities, Ward Committees, Ward Councillors, business formations, private sector and the NGOs is vital in giving life to the municipalities IDP.

The Municipal Standard Chart of Accounts (*mSCOA*) Regulations apply to all municipalities and municipal entities with effect from 1 July 2017 which means that the compilation of the 2018/19 Medium-Term Budget and Expenditure Framework (MTREF) must be compliant with the *mSCOA* classification framework.

#### Financial Sustainability

Currently the municipality is not financially sustainable, at least not in the medium to long term. The reality is that Khâi-MA Municipality is situated in a social economic disadvantaged environment with limited financial resources. We are a poor municipality and to function as a municipality council has to find ways to be sustainable.

Overnight results cannot be expected and in fact this is considered as a medium to long term strategy. Outstanding debtors are increasing and the municipality is not able to maintain positive cash flows to pay creditors within the thirty days timeframe as legally prescribed. Every effort should however be made to improve our revenue collection.

Further contribution to the financial sustainability of the municipality is the lack of internal controls and massive water losses are the issues that need immediate remedial action.

According to provincial treasury report is the municipality's budget unfunded for the 2018/19 financial year. The municipality is still given time until 30 June 2018 to come up with a plan to get the budget cashback.

Cogta allocated R1,7 million to the municipality for revenue enhancement (in-kind grant).

#### Proposed Tariff

In ensuring that we continue providing sustainable services, the proposed tariff increase that will be in line with the prescribed norm of National Treasury (CPI):

- **5.3%** increase on cemeteries and recreational halls
- **6%** increase on assessment rates;
- **6.84%** Nersa's national tariff increase (Circular 91)
- **5.3%** increase on water for both residential and business
- **5.3%** increase on sanitation for both residential and business.
- **5.3%** increase on refuse removal both residential and business

## SOCIAL SUPPORT PACKAGE

The equitable share is a unconditional grant and is designed to fund the provision of free basic services to disadvantaged communities. The equitable share allocated to the municipality for the 2018/19 financial year amounting to R17.4 million. Special Support for Councillor Remuneration and Ward Committees are included in the R17.4 million and amounting to R1.5 million. The cost to provide the free basic services amounting to R10,1 million.

In view of the proposed tariffs, the municipality will provide the following social package relief:

- The first R25,000 on property value is exempted from assessment rates
- All indigent households will still enjoy 6 Kilolitres of water, 50 Kilowatts of free basic electricity, sanitation and refuse service for free.

## EXPENDITURE FRAMEWORK

The municipalities expenditure for the 2018/2019 financial year amounting to R70 million . The main contributors to the R69 million are:

• <b>R13,258,400</b> for Bulk Water and Electricity	19.19	% of total expenditure budget
• <b>R28,124,979</b> for personnel costs	40.71	% of total expenditure budget
• <b>R 3,240,594</b> for Councilor Allowances	4.69	% of total expenditure budget
• <b>R 4,996,486</b> for bad debt provision	7.23	% of total expenditure budget
• <b>R 3,008,135</b> for depreciation	4.35	% of total expenditure budget
• <b>R 5,399,755</b> for other general expenditure	7.82	% of total expenditure budget
• <b>R 4,252,032</b> for contracted services	6.15	% of total expenditure budget
• <b>R 1,532,776</b> for finance charges	2.22	% of total expenditure budget
• <b><u>R 5,271,468</u></b> for other materials	<u>7.64</u>	% of total expenditure budget
<b>R69,084,625 Total</b>	<b>100.00</b>	

Our current spending pattern is a point of concern due to the cashflow situation of the municipality.

## CAPITAL INVESTMENT (Conditional grants)

The purpose of conditional grants is to deliver on national government and provincial service delivery priorities.

Fin. Year	Project	INEP	Water service infrastructure Grant	MIG	Human Settlements
2018/19	Bulk Water Augmentation - Phase 3 (New Reservoir 2.5 ML)			5 000 000	9 000 000
2018/19	Refurbishment of the existing Oxidation ponds -Pofadder				5 000 000
2018/19	Upgrading of the existing sewer pump stations - Pofadder		4 000 000		
2018/19	Upgrading of the existing water pump station - Onseepkans		1 000 000		
2018/19	Electricity connections	1 650 000			
2018/19	Upgrading of Sport Facilities			2 712 000	
	<b>Total capital allocation</b>	<b>1 650 000</b>	<b>5 000 000</b>	<b>7 712 000</b>	<b>14 000 000</b>
	<b>Budget</b>	<b>1 650 000</b>	<b>5 000 000</b>	<b>7 712 000</b>	<b>14 000 000</b>

Khâi-MA Municipality will be investing **R47,9 million** over the Medium Term Revenue and Expenditure Framework period.

ALLOCATIONS	2018/19	2019/20	2020/21
MIG	7 712 000	7 773 000	7 940 000
INEP	1 650 000	1 920 000	1 920 000
COGHSTA	14 000 000		
WSIG	5 000 000		
<b>TOTAL</b>	<b>28 362 000</b>	<b>9 693 000</b>	<b>9 860 000</b>

The Council remain strongly committed to the principles of accountability, transparency, anti-corruption, proper financial management and effective internal control systems.

P.A. van Heerden  
Mayor of Khâi-MA Municipality  
30/05/2018



## **1.2 Council Resolutions (30/05/2018)**

### **1. The Mayor recommends that the Council resolves that:**

The consolidated Annual Budget of the Khâi-MA Municipality for the financial year 2018/19 and the indicative allocations for the projected outer years 2019/20 and 2020/21; and the multi-year and single year capital appropriations be tabled for the purpose of complying with Chapter 4 of the Municipal Finance Management Act (MFMA) No. 56 of 2003 read in conjunction with Municipal Budget and Reporting Regulations 32141 (dated 17 April 2009) and government gazette Notice No. 37577 on 22 April 2014 as set-out in the following tables:

#### **1.1. The Annual Budget of the municipality for the financial year 2018/19 to 2020/21 and the multi-year and single-year capital appropriations as set out in the following tables:**

- 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;
- 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
- 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
- 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.

#### **1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:**

- 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
- 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
- 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
- 1.2.4. Asset management as contained in Table 26 on page 36; and
- 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.

The Council of Khâi-MA Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tabled the following proposed tariffs with effect from 1 July 2018:

- the tariffs for property rates – as set out in Annexure A,
- the tariffs for electricity – as set out in Annexure B
- the tariffs for the supply of water – as set out in Annexure C
- the tariffs for sanitation services – as set out in Annexure E
- the tariffs for solid waste services – as set out in Annexure F

### **2. The Council of Khâi-MA Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tabled the budget with effect from 1 July 2018 and the proposed tariffs for other services, as set out in Annexures G1 to G21 respectively.**

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipalities financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality business and service delivery priorities were reviewed as part of this year's planning and budget process.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers.

National Treasury's MFMA Circular No. 91 were used to guide the compilation of the 2018/19 MTREF.

The main challenges experienced during the compilation of the 2018/19 to 2020/21 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Sedibeng and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.

The following budget principles and guidelines directly informed the compilation of the budget for 2018/19 MTREF:

- The 2017/18 Adjustments Budget priorities and targets, as well as the base line allocations contained in that the final budget were adopted as the upper limits for the new baselines for the 2018/19 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- An upper limit of expenditure was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
  - Refreshments and entertainment
  - Subsistence and Travelling
  - Overtime

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2018/19 MTREF**

NC067 Khai-Ma - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>											
Total Revenue (excluding capital transfers and contributions)		39 710	40 467	46 696	43 329	45 787	45 787	45 787	47 606	50 145	53 757
<b>Expenditure By Type</b>											
Total Expenditure		44 127	54 529	57 650	61 079	63 671	63 671	63 671	69 085	72 451	76 777
Surplus/(Deficit)		(4 417)	(14 063)	(10 954)	(17 750)	(17 884)	(17 884)	(17 884)	(21 479)	(22 306)	(23 021)
Transfers and subsidies - capital (monetary allocations) (National /		15 571	6 004	6 586	22 325	26 489	26 489	26 489	27 356	8 679	8 824
Surplus/(Deficit) attributable to municipality		11 154	(8 058)	(4 368)	4 575	8 605	8 605	8 605	5 877	(13 627)	(14 196)

Total operating revenue for the 2018/19 amounting to R47.6 ml. For the two outer years, operational revenue will increase by R2,5 ml during 2019/20 and R3.6 ml during 2020/21 respectively when compared to the 2018/19 financial year.

## 1.4 Operating Revenue Framework

For the Khâi-MA to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 80 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy must be approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

NC067 Khai-Ma - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Revenue By Source											
Property rates	2	3 000	3 204	4 078	4 500	4 359	4 359	4 359	5 066	5 339	5 633
Service charges - electricity revenue	2	6 238	7 139	7 250	8 694	9 404	9 404	9 404	9 016	9 632	10 291
Service charges - water revenue	2	5 910	7 103	6 847	6 235	6 561	6 561	6 561	6 584	6 940	7 321
Service charges - sanitation revenue	2	939	1 122	1 053	1 274	1 284	1 284	1 284	1 043	1 100	1 160
Service charges - refuse revenue	2	780	864	953	1 378	1 273	1 273	1 273	1 091	1 150	1 213
Service charges - other		—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		304	145	182	157	177	177	177	187	197	208
Interest earned - external investments		183	313	388	200	410	410	410	200	211	222
Interest earned - outstanding debtors		858	1 594	2 466	1 414	1 890	1 890	1 890	1 996	2 104	2 220
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		3	24	31	40	40	40	40	42	44	47
Licences and permits		22	35	41	52	68	68	68	72	76	80
Agency services		164	193	236	170	170	170	170	179	189	199
Transfers and subsidies		19 696	18 046	20 059	19 193	20 123	20 123	20 123	22 104	23 136	25 134
Other revenue	2	1 521	684	3 113	21	28	28	28	27	28	30
Gains on disposal of PPE		93	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		39 710	40 467	46 696	43 329	45 787	45 787	45 787	47 606	50 145	53 757

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise more than 46.99% of the total revenue mix. This growth can be mainly attributed to the increased share that the assessment rates contributes to the total revenue mix. The revenue foregone arising from discounts and rebates associated with the tariff policy of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.

Operating grants and transfers totals R 22.1 million in the 2018/19 financial year and increase to R 23.1 million by 2019/20 and R25.1 million by 2020/21. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 3 Operating Transfers and Grant Receipts:**

NC067 Khai-Ma - Supporting Table SA19 Expenditure on transfers and grant programme										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		18 656	21 239	20 062	18 291	18 291	18 291	20 396	22 228	24 226
Local Government Equitable Share		13 821	17 571	15 552	16 391	16 391	16 391	17 420	18 779	20 323
Local Government Financial Management Grant [Schedule 5B]		1 768	1 740	1 825	1 900	1 900	1 900	1 970	2 435	2 867
Municipal Infrastructure Grant [Schedule 5B]		1 160	–	1 895	–	–	–	1 006	1 014	1 036
Municipal Infrastructure Grant [Schedule 5B] (Sport)		–	–	–	–	–	–	–	–	–
Municipal Water Infrastructure Grant [Schedule 5B]		–	–	–	–	–	–	–	–	–
Integrated National Electrification Programme (Municipal)		–	971	–	–	–	–	–	–	–
Science and Technology		–	27	–	–	–	–	–	–	–
Energy Efficiency and Demand Side Management		1 697	–	–	–	–	–	–	–	–
Municipal Systems Improvement Grant [Schedule 5B]		210	930	790	–	–	–	–	–	–
Provincial Government:		1 041	1 035	2 180	867	1 737	1 737	1 708	908	908
Libraries, Archives and Museums - Library Services		785	1 035	1 180	867	867	867	708	908	908
Expanded Public Works Programme Integrated Grant		256	–	1 000	–	870	870	1 000	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Northern Cape - DC 06 - Namakwa		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		–	68	80	35	95	95	–	–	–
Vedanta Black Mountain		–	68	–	–	–	–	–	–	–
Construction, Education and Training SETA		–	–	80	35	95	95	–	–	–
Total operating expenditure of Transfers and Grants		19 696	22 342	22 322	19 193	20 123	20 123	22 104	23 136	25 134
Capital expenditure of Transfers and Grants										
National Government:		14 905	7 606	13 535	21 325	21 325	21 325	13 356	8 679	8 824
Local Government Financial Management Grant [Schedule 5B]		32	60	–	–	–	–	–	–	–
Municipal Infrastructure Grant [Schedule 5B]		9 161	6 744	13 535	7 825	7 825	7 825	6 706	6 759	6 904
Municipal Infrastructure Grant [Schedule 5B] (Sport)		–	–	–	7 500	7 500	7 500	–	–	–
Municipal Water Infrastructure Grant [Schedule 5B]		–	–	–	5 000	5 000	5 000	5 000	–	–
Integrated National Electrification Programme (Municipal)		798	529	–	1 000	1 000	1 000	1 650	1 920	1 920
Science and Technology		–	274	–	–	–	–	–	–	–
Energy Efficiency and Demand Side Management		1 060	–	–	–	–	–	–	–	–
Accelerated Community Infrastructure Programme		3 793	–	–	–	–	–	–	–	–
Department of Water & Sanitation		–	–	–	–	–	–	–	–	–
Municipal Systems Improvement Grant [Schedule 5B]		61	–	–	–	–	–	–	–	–
Provincial Government:		–	–	–	1 000	6 130	6 130	14 000	–	–
COGHTA		–	–	–	–	6 000	6 000	14 000	–	–
Department Sport Arts and Culture - Library Development		–	–	150	–	–	–	–	–	–
Expanded Public Works Programme Integrated Grant		667	–	–	1 000	130	130	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Northern Cape - DC 06 - Namakwa		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Vedanta Black Mountain		–	–	–	–	–	–	–	–	–
Construction, Education and Training SETA		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		14 905	7 606	13 535	22 325	27 455	27 455	27 356	8 679	8 824
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		34 601	29 948	35 857	41 518	47 578	47 578	49 460	31 815	33 958

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality. National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible.

### 1.4.1 Property Rates

Property rates not covering the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2013 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly. The valuation roll was implemented on 1 July 2013. The municipality apply to extend the validity of the valuation roll until 30 June 2019.

The following stipulations in the Property Rates Policy are highlighted:

- The first R25000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- State department granted 5% of the value of a property.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2018/19 financial year based on a 6 per cent increase from 1 July 2018 is contained below:

**Table 4 Comparison of proposed rates to levied for the 2018/19 financial year:**

Category	Current Tariff (1 July 2017)	Proposed tariff (from 1 July 2018)
	<b>c</b>	<b>C</b>
Residential properties	0.01594	0.01689
State owned properties	0.01594	0.01689
Business & Commercial	0.02407	0.02551
Agricultural	0.000843	0.000893
Vacant land	0.01594	0.01594
Mining	0.02407	0.02551
Municipal rateable	0	0
Industrial	0.02407	0.02551
Renewable energy	0.02407	0.02551
Non-permitted use	0	0
Public benefit organisation properties	0	0

### 1.4.2 Sale of Water and Impact of Tariff Increases

National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and

- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2018.

A tariff increase of 5.3 per cent from 1 July 2018 for water is proposed.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 5 Proposed Water Tariffs**

CATEGORY	CURRENT TARIFFS 2017/18	PROPOSED TARIFFS 2018/19
	Rand per kℓ	Rand per kℓ
<b>RESIDENTIAL</b>		
(i) 1 >	13.20	13.90
<b>BUSSINESS</b>		
(ii) 1>	13.20	13.90

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

**Table 6 Comparison between current water charges and increases (Domestic)**

Monthly consumption kl	Current amount payable R13.20	Proposed amount payable R13.90	Difference (Increase)	Percentage change %
20	R 264	R 278	14.00	5.30
30	R 396	R 417	21.00	5.30
40	R 528	R 556	28.00	5.30
50	R 660	R 695	35.00	5.30
80	R 1 056	R 1 112	56.00	5.30
100	R 1 320	R 1 390	70.00	5.30

### 1.4.3 Sale of electricity and Impact of tariff Increases

Nersa has announced a bulk electricity pricing increase of 7.32%. Nersa proposes a 6.84 per cent increase in the electricity tariffs to municipalities and will be effective from 1 July 2018.

All indigents will receive 50 kWh free of charge.

**Table 7 Comparison between current electricity charges and increases (Domestic)**

TARIFF INCREASES FROM 2014/2015 UNTIL 2020/21														
	2014/15	% INCREASE	2015/16	% INCREASE	2016/17	% INCREASE	2017/18	% INCREASE	2018/19	% INCREASE	2019/20	% INCREASE	2020/21	% INCREASE
Electricity pre-paid (Econ)	1.416	7.39	1.5887	12.2	1.7380	9.4	1.7706	1.88	1.8917	6.84	1.9938	5.4	2.1034	5.5
Electricity pre-paid (Indigent)	1.206	7.39	1.3531	12.2	1.4802	9.4	1.508	1.88	1.6113	6.84	1.6983	5.4	1.7900	5.5

A tariff increase of 6.84 per cent was approved by Nersa.

### Sanitation:

The sanitation services is currently operating at a deficit due to high percentage of indigents.

A tariff increase of 5.3 per cent for sanitation from 1 July 2018 is proposed. The following factors also contribute to the proposed tariff increase:

- Free sanitation will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R1 million for the 2018/19 financial year.

The following table compares the current and proposed tariffs:

**Table 8 Comparison between current sanitation charges and increases**

CATEGORY	CURRENT TARIFF 2017/18		PROPOSED TARIFF 2018/19	
	per cent DISCHARGED	Basic	per cent DISCHARGED	Basic
		R		R
Residential and Indigents		122.87		129.38
Business		122.87		129.38

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

**Table 9 Comparison between current sanitation charges and increases, single dwelling-houses**

Monthly sanitation	Current amount	Proposed amount	Difference
Consumption	Payable 2017/18	Payable 2018/19	(% increase)
	R	R	R
First pump	122.87	129.38	5.3%

### 1.4.4 Waste removal and impact of tariff Increases

The waste removal services is currently operating at a deficit due to high percentage of indigents.

A proposed 5.3 per cent increase in the waste removal tariff is proposed from 1 July 2018.

Any increase higher than 5.3% per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2018:



**Table 10 Comparison between current waste removal fees and increases**

	CURRENT TARIFFS 2017/18			PROPOSED TARIFFS 2018/19		
		WASTE REMOVAL	CLEANING		WASTE REMOVAL	CLEANING
Tariff per container per month or part of a month:Residencial		Per month (R)116.05			Per month (R)122.20	
Tariff per container per month or part of a month:Business		Per month(R)232.10			Per month (R)244.40	

### 1.4.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

The increase for indigent households is also 0.09% and will be subsidized from the equitable share.

**Table 12 MBRR Table SA14 – Household bills**

NC067 Khai-Ma - Supporting Table SA14 Household bills											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates		770.00	823.90	869.17	896.62	896.62	896.62	—	985.25	1 038.45	1 095.57
Electricity: Basic levy		—	—	—	—	—	—	—	—	—	—
Electricity: Consumption		1 416.00	1 588.70	1 738.00	998.23	998.23	998.23	—	1 891.70	1 993.85	2 103.51
Water: Basic levy		99.00	108.90	118.70	127.00	127.00	127.00	—	133.73	140.95	148.70
Water: Consumption		285.00	345.00	372.00	396.00	396.00	396.00	—	417.00	439.52	463.69
Sanitation		93.50	102.50	111.70	122.87	122.87	122.87	—	129.38	136.37	143.87
Refuse removal		88.00	96.80	105.50	116.05	116.05	116.05	—	122.20	128.80	135.88
Other		—	—	—	—	—	—	—	—	—	—
sub-total		2 751.50	3 065.80	3 315.07	2 656.77	2 656.77	2 656.77	38.5%	3 679.26	3 877.94	4 091.22
VAT on Services		—	—	—	—	—	—	—	—	—	—
Total large household bill:		2 751.50	3 065.80	3 315.07	2 656.77	2 656.77	2 656.77	38.5%	3 679.26	3 877.94	4 091.22
% increase/-decrease			11.4%	8.1%	(19.9%)	—	—		38.5%	5.4%	5.5%
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates		550.00	587.50	620.83	630.96	630.96	630.96	—	703.75	741.75	782.55
Electricity: Basic levy		—	—	—	—	—	—	—	—	—	—
Electricity: Consumption		708.00	794.35	869.00	885.30	885.30	885.30	—	948.55	999.77	1 054.76
Water: Basic levy		99.00	108.90	118.70	127.00	127.00	127.00	—	133.73	140.95	148.70
Water: Consumption		261.25	287.50	310.00	330.00	330.00	330.00	—	347.50	366.26	386.41
Sanitation		93.50	102.50	111.70	122.87	122.87	122.87	—	129.38	136.37	143.87
Refuse removal		88.00	96.80	105.50	116.05	116.05	116.05	—	122.20	128.80	135.88
Other		—	—	—	—	—	—	—	—	—	—
sub-total		1 799.75	1 977.55	2 135.73	2 212.18	2 212.18	2 212.18	7.8%	2 385.11	2 513.90	2 652.17
VAT on Services		—	—	—	—	—	—	—	—	—	—
Total small household bill:		1 799.75	1 977.55	2 135.73	2 212.18	2 212.18	2 212.18	7.8%	2 385.11	2 513.90	2 652.17
% increase/-decrease			9.9%	8.0%	3.6%	—	—		7.8%	5.4%	5.5%
<b>Monthly Account for Household - 'Indigent'</b>	3										
<b>Household receiving free basic services</b>											
<b>Rates and services charges:</b>											
Property rates		300.00	330.00	372.50	398.50	398.50	398.50	—	422.25	445.05	469.53
Electricity: Basic levy		—	—	—	—	—	—	—	—	—	—
Electricity: Consumption		422.10	431.31	444.06	527.83	527.83	527.83	—	567.51	598.15	631.05
Water: Basic levy		99.00	108.90	118.70	127.00	127.00	127.00	—	133.73	140.95	148.70
Water: Consumption		209.00	161.00	173.60	264.00	264.00	264.00	—	194.60	205.11	216.39
Sanitation		93.50	102.50	111.70	122.87	122.87	122.87	—	129.38	136.37	143.87
Refuse removal		88.00	96.80	105.50	116.05	116.05	116.05	—	122.20	128.80	135.88
Other		—	—	—	—	—	—	—	—	—	—
sub-total		1 211.60	1 230.51	1 326.06	1 556.25	1 556.25	1 556.25	0.9%	1 569.67	1 654.43	1 745.42
VAT on Services		—	—	—	—	—	—	—	—	—	—
Total small household bill:		1 211.60	1 230.51	1 326.06	1 556.25	1 556.25	1 556.25	0.9%	1 569.67	1 654.43	1 745.42
% increase/-decrease			1.6%	7.8%	17.4%	—	—		0.9%	5.4%	5.5%

## 1.5 Operating Expenditure Framework

The municipalities expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

NC067 Khai-Ma - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 medium term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure By Type											
Employee related costs	2	11 769	14 420	19 172	25 661	24 622	24 622	24 622	28 125	29 925	31 870
Remuneration of councillors		2 063	2 042	2 214	2 878	2 859	2 859	2 859	3 241	3 448	3 672
Debt impairment	3	7 337	9 718	9 389	4 950	4 950	4 950	4 950	4 996	5 292	5 609
Depreciation & asset impairment	2	2 525	6 251	3 510	3 011	3 011	3 011	3 011	3 008	3 008	3 008
Finance charges		1 268	1 513	2 449	1 045	1 445	1 445	1 445	1 533	1 599	1 671
Bulk purchases	2	8 999	10 329	10 708	10 863	12 293	12 293	12 293	13 258	14 131	15 068
Other materials	8	–	392	799	4 053	5 357	5 357	5 357	5 271	5 556	5 862
Contracted services		279	3 094	2 675	3 677	4 320	4 320	4 320	4 252	3 797	4 005
Transfers and subsidies		359	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	9 527	6 759	6 579	4 905	4 779	4 779	4 779	5 400	5 695	6 012
Loss on disposal of PPE		–	11	156	35	35	35	35	–	–	–
Total Expenditure		44 127	54 529	57 650	61 079	63 671	63 671	63 671	69 085	72 451	76 777

**Table 13 Summary of operating expenditure by standard classification item**

The budgeted allocation for employee related costs for the 2018/19 financial year totals R28,1 million, which equals 40.71 per cent of the total operating expenditure. Based on the collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 8 per cent for the 2018/19 financial year.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

The provision of debt impairment was determined based on an annual collection rate of 80% per cent and the Debt Write-off Policy of the municipality.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate

asset consumption. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register.

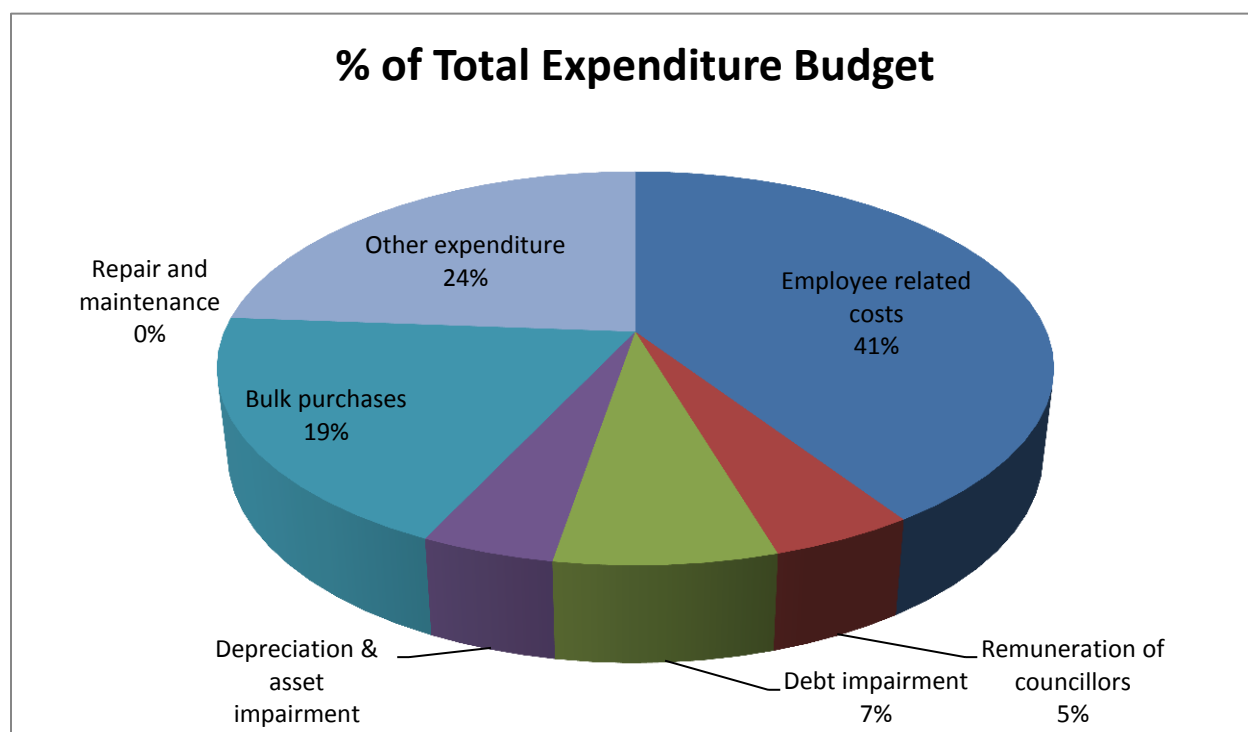
Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). All longterm loans are redeemed.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Sedibeng. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipalities infrastructure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following table gives a breakdown of the main expenditure categories for the 2018/19 financial year.



**Figure 1 Main operational expenditure categories for the 2018/19 financial year**

### **1.5.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the municipalities current infrastructure, the 2018/19 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality.

**Table 14 Operational repairs and maintenance**

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

NC067 Khai-Ma - Table A9 Asset Management										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Repairs and Maintenance by Asset Class</b>	3	943	930	1 127	1 591	2 716	2 716	1 951	2 056	2 169

**Table 15 Repairs and maintenance per asset class**

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

NC067 Khai-Ma - Table A9 Asset Management										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Repairs and Maintenance by Asset Class</b>	3	943	930	1 127	1 591	2 716	2 716	1 951	2 056	2 169
<i>Roads Infrastructure</i>		15	27	21	50	920	920	53	56	59
<i>Storm water Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Electrical Infrastructure</i>		67	100	79	150	250	250	272	286	302
<i>Water Supply Infrastructure</i>		239	238	206	450	500	500	526	555	585
<i>Sanitation Infrastructure</i>		28	16	19	50	50	50	53	56	59
<i>Solid Waste Infrastructure</i>		29	46	49	50	50	50	53	56	59
<i>Rail Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>		–	–	–	–	–	–	–	–	–
<b>Infrastructure</b>		<b>380</b>	<b>426</b>	<b>374</b>	<b>750</b>	<b>1 770</b>	<b>1 770</b>	<b>956</b>	<b>1 008</b>	<b>1 063</b>
Community Facilities		48	70	–	95	95	95	100	105	111
Sport and Recreation Facilities		–	–	9	30	30	30	32	33	35
<b>Community Assets</b>		<b>48</b>	<b>70</b>	<b>9</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>132</b>	<b>139</b>	<b>146</b>
<b>Heritage Assets</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Revenue Generating		–	–	92	100	100	100	106	112	118
Non-revenue Generating		–	–	–	–	–	–	–	–	–
<b>Investment properties</b>		<b>–</b>	<b>–</b>	<b>92</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>106</b>	<b>112</b>	<b>118</b>
Operational Buildings		–	25	89	50	50	50	53	56	59
Housing		12	16	4	10	10	10	11	11	12
<b>Other Assets</b>		<b>12</b>	<b>42</b>	<b>93</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>63</b>	<b>67</b>	<b>70</b>
<b>Biological or Cultivated Assets</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
<b>Intangible Assets</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Computer Equipment		–	–	123	150	300	300	316	333	351
Furniture and Office Equipment		127	125	7	43	43	43	45	48	50
Machinery and Equipment		9	267	–	7	12	12	16	16	17
Transport Assets		367	–	428	356	306	306	317	335	353
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>3 468</b>	<b>7 181</b>	<b>4 636</b>	<b>4 603</b>	<b>5 728</b>	<b>5 728</b>	<b>4 959</b>	<b>5 064</b>	<b>5 177</b>

### **1.5.2 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipalities Indigent Policy. The target is to register 1800 or more indigent households during the 2018/19 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 39.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

**Table 16 Medium-term capital budget per vote:**

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table A9 2018/19 Medium-term capital budget per vote**

CAPITAL EXPENDITURE										
<b>Total New Assets</b>	1	18 750	5 787	7 052	8 600	7 634	7 634	4 158	1 920	1 920
Roads Infrastructure		9 349	3 549	4 426	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		1 636	529	-	1 000	1 000	1 000	1 650	1 920	1 920
Water Supply Infrastructure		545	48	1 184	-	-	-	-	-	-
Sanitation Infrastructure		2 103	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		852	1 565	1 007	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>14 485</b>	<b>5 691</b>	<b>6 617</b>	<b>1 000</b>	<b>1 000</b>	<b>1 000</b>	<b>1 650</b>	<b>1 920</b>	<b>1 920</b>
Community Facilities		1 074	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	160	7 500	6 534	6 534	2 358	-	-
<b>Community Assets</b>		<b>1 074</b>	<b>-</b>	<b>160</b>	<b>7 500</b>	<b>6 534</b>	<b>6 534</b>	<b>2 358</b>	<b>-</b>	<b>-</b>
<b>Heritage Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		6	19	-	-	-	-	-	-	-
<b>Intangible Assets</b>		<b>6</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	-	116	100	100	100	150	-	-
Furniture and Office Equipment		213	72	123	-	-	-	-	-	-
Machinery and Equipment		168	6	8	-	-	-	-	-	-
Transport Assets		2 804	-	28	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	<b>-</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 000</b>	<b>-</b>	<b>-</b>
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	5 000	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>-</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 000</b>	<b>-</b>	<b>-</b>
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>-</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Heritage Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

<b>Total Upgrading of Existing Assets</b>	6	-	-	-	13 825	18 955	18 955	18 348	6 759	6 904
Roads Infrastructure		-	-	-	1 000	130	130	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	12 825	18 825	18 825	14 348	6 759	6 904
Sanitation Infrastructure		-	-	-	-	-	-	4 000	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	13 825	18 955	18 955	18 348	6 759	6 904
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4									
Roads Infrastructure		9 349	3 549	4 426	1 000	130	130	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		1 636	529	-	1 000	1 000	1 000	1 650	1 920	1 920
Water Supply Infrastructure		545	48	1 184	12 825	18 825	18 825	14 348	6 759	6 904
Sanitation Infrastructure		2 103	-	-	-	-	-	9 000	-	-
Solid Waste Infrastructure		852	1 565	1 007	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		14 485	5 691	6 617	14 825	19 955	19 955	24 998	8 679	8 824
Community Facilities		1 074	39	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	160	7 500	6 534	6 534	2 358	-	-
<b>Community Assets</b>		1 074	39	160	7 500	6 534	6 534	2 358	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		6	19	-	-	-	-	-	-	-
<b>Intangible Assets</b>		6	19	-	-	-	-	-	-	-
Computer Equipment		-	-	116	100	100	100	150	-	-
Furniture and Office Equipment		213	72	123	-	-	-	-	-	-
Machinery and Equipment		168	6	8	-	-	-	-	-	-
<b>Transport Assets</b>		2 804	-	28	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		18 750	5 827	7 052	22 425	26 589	26 589	27 506	8 679	8 824

For 2018/19 an amount of R27.5 million has been appropriated for the development of infrastructure which represents 100 per cent of the total capital budget. Total new assets represent per cent or R4.1 million of the total capital budget while asset renewal equates to 66.7 per cent.

Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35.

## 1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 17 MBRR Table A1 - Budget Summary**

NC067 Khai-Ma - Table A1 Budget Summary										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	3 000	3 204	4 078	4 500	4 359	4 359	4 359	5 066	5 339	5 633
Service charges	13 866	16 228	16 102	17 582	18 522	18 522	18 522	17 734	18 821	19 985
Investment revenue	183	313	388	200	410	410	410	200	211	222
Transfers recognised - operational	19 696	18 046	20 059	19 193	20 123	20 123	20 123	22 104	23 136	25 134
Other own revenue	2 964	2 675	6 069	1 854	2 373	2 373	2 373	2 503	2 638	2 783
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>39 710</b>	<b>40 467</b>	<b>46 696</b>	<b>43 329</b>	<b>45 787</b>	<b>45 787</b>	<b>45 787</b>	<b>47 606</b>	<b>50 145</b>	<b>53 757</b>
Employee costs	11 769	14 420	19 172	25 661	24 622	24 622	24 622	28 125	29 925	31 870
Remuneration of councillors	2 063	2 042	2 214	2 878	2 859	2 859	2 859	3 241	3 448	3 672
Depreciation & asset impairment	2 525	6 251	3 510	3 011	3 011	3 011	3 011	3 008	3 008	3 008
Finance charges	1 268	1 513	2 449	1 045	1 445	1 445	1 445	1 533	1 599	1 671
Materials and bulk purchases	8 999	10 721	11 506	14 916	17 650	17 650	17 650	18 530	19 687	20 929
Transfers and grants	359	—	—	—	—	—	—	—	—	—
Other expenditure	17 143	19 582	18 799	13 567	14 085	14 085	14 085	14 648	14 784	15 626
<b>Total Expenditure</b>	<b>44 127</b>	<b>54 529</b>	<b>57 650</b>	<b>61 079</b>	<b>63 671</b>	<b>63 671</b>	<b>63 671</b>	<b>69 085</b>	<b>72 451</b>	<b>76 777</b>
<b>Surplus/(Deficit)</b>	<b>(4 417)</b>	<b>(14 063)</b>	<b>(10 954)</b>	<b>(17 750)</b>	<b>(17 884)</b>	<b>(17 884)</b>	<b>(17 884)</b>	<b>(21 479)</b>	<b>(22 306)</b>	<b>(23 021)</b>
Transfers and subsidies - capital (monetary allocated)	15 571	6 004	6 586	22 325	26 489	26 489	26 489	27 356	8 679	8 824
Contributions recognised - capital & contributed assets	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>11 154</b>	<b>(8 058)</b>	<b>(4 368)</b>	<b>4 575</b>	<b>8 605</b>	<b>8 605</b>	<b>8 605</b>	<b>5 877</b>	<b>(13 627)</b>	<b>(14 196)</b>
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) for the year</b>	<b>11 154</b>	<b>(8 058)</b>	<b>(4 368)</b>	<b>4 575</b>	<b>8 605</b>	<b>8 605</b>	<b>8 605</b>	<b>5 877</b>	<b>(13 627)</b>	<b>(14 196)</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>18 750</b>	<b>5 827</b>	<b>7 052</b>	<b>22 425</b>	<b>26 589</b>	<b>26 589</b>	<b>26 589</b>	<b>27 506</b>	<b>8 679</b>	<b>8 824</b>
Transfers recognised - capital	17 615	4 190	6 586	22 325	26 489	26 489	26 489	27 356	8 679	8 824
Public contributions & donations	852	1 565	—	—	—	—	—	—	—	—
Borrowing	—	—	77	—	—	—	—	—	—	—
Internally generated funds	283	71	388	100	100	100	100	150	—	—
<b>Total sources of capital funds</b>	<b>18 750</b>	<b>5 827</b>	<b>7 052</b>	<b>22 425</b>	<b>26 589</b>	<b>26 589</b>	<b>26 589</b>	<b>27 506</b>	<b>8 679</b>	<b>8 824</b>
<b>Financial position</b>										
Total current assets	7 262	6 457	12 064	10 297	10 614	14 956	14 956	14 213	13 416	13 444
Total non current assets	110 828	113 013	115 066	137 115	135 874	138 642	138 642	163 140	168 811	174 627
Total current liabilities	18 168	27 273	39 091	11 622	9 251	9 251	9 251	26 694	43 688	62 101
Total non current liabilities	8 178	8 779	10 331	12 064	17 393	17 393	17 393	18 737	20 244	21 872
Community wealth/Equity	91 744	83 418	77 708	123 727	119 844	126 954	126 954	131 922	118 295	104 099
<b>Cash flows</b>										
Net cash from (used) operating	10 610	5 266	11 034	24 375	28 405	28 405	28 405	26 496	(12 467)	(10 022)
Net cash from (used) investing	(17 626)	(4 531)	(5 978)	(22 425)	(26 589)	(26 589)	(26 589)	(27 506)	(8 679)	(8 824)
Net cash from (used) financing	(14)	5	1	(19)	(19)	(19)	(19)	(23)	7	8
<b>Cash/cash equivalents at the year end</b>	<b>790</b>	<b>1 531</b>	<b>6 588</b>	<b>2 391</b>	<b>2 257</b>	<b>2 257</b>	<b>2 257</b>	<b>1 223</b>	<b>(19 915)</b>	<b>(38 754)</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	790	1 531	6 588	2 391	2 257	2 257	2 257	1 223	(19 915)	(38 754)
Application of cash and investments	(3 615)	(14 306)	7 225	(42 651)	(29 884)	(23 637)	(23 637)	(10 822)	(17 894)	(21 915)
<b>Balance - surplus (shortfall)</b>	<b>4 405</b>	<b>15 837</b>	<b>(637)</b>	<b>45 042</b>	<b>32 140</b>	<b>25 893</b>	<b>25 893</b>	<b>12 045</b>	<b>(2 022)</b>	<b>(16 839)</b>
<b>Asset management</b>										
Asset register summary (WDV)	110 828	113 013	115 066	137 115	135 874	138 642		163 140	168 811	174 627
Depreciation	2 525	6 251	3 510	3 011	3 011	3 011		3 008	3 008	3 008
Renewal of Existing Assets	—	39	—	—	—	—		5 000	—	—
Repairs and Maintenance	943	930	1 127	1 591	2 716	2 716		1 951	2 056	2 169
<b>Free services</b>										
Cost of Free Basic Services provided	—	—	—	19 059	19 059	19 059	20 202	20 202	21 429	22 746
Revenue cost of free services provided	22 491	18 368	19 962	22 234	22 255	22 255	23 782	23 782	25 074	26 462
<b>Households below minimum service level</b>										
Water:	—	—	—	—	—	—	—	—	—	—
Sanitation/sewage:	—	—	—	—	—	—	—	—	—	—
Energy:	—	—	—	—	—	—	—	—	—	—
Refuse:	—	—	—	—	—	—	—	—	—	—



## **Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the municipalities budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget

**Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

NC067 Khai-Ma - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		20 908	21 211	25 872	23 269	23 580	23 580	25 100	27 233	29 540
Executive and council		255	1 427	1 490	16 391	16 391	16 391	17 420	18 779	20 323
Finance and administration		20 653	19 783	24 382	6 878	7 189	7 189	7 680	8 454	9 217
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1 506	1 043	1 323	8 379	7 413	7 413	3 433	921	922
Community and social services		785	1 043	1 139	879	879	879	721	921	922
Sport and recreation		721	-	184	7 500	6 534	6 534	2 712	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		11 321	4 760	5 385	1 265	1 281	1 281	296	312	329
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		11 321	4 760	5 385	1 265	1 281	1 281	296	312	329
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		21 546	19 457	20 703	32 741	40 002	40 002	46 133	30 357	31 790
Energy sources		10 450	8 713	7 362	9 728	10 521	10 521	10 783	11 675	12 341
Water management		7 041	8 525	10 976	20 160	26 486	26 486	23 742	15 933	16 549
Waste water management		3 213	1 245	1 239	1 374	1 504	1 504	10 288	1 357	1 432
Waste management		841	975	1 125	1 478	1 491	1 491	1 320	1 391	1 468
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	55 281	46 471	53 282	65 654	72 276	72 276	74 962	58 824	62 581
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		15 818	17 588	27 715	22 886	23 531	23 531	27 259	28 189	29 897
Executive and council		4 191	6 595	15 268	8 083	7 642	7 642	8 617	9 144	9 716
Finance and administration		11 627	10 993	12 447	14 803	15 889	15 889	18 642	19 045	20 181
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		2 309	1 676	2 006	3 107	3 112	3 112	2 797	2 953	3 120
Community and social services		1 805	1 220	1 555	2 486	2 492	2 492	2 154	2 285	2 426
Sport and recreation		504	456	451	621	620	620	644	668	694
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 750	2 034	2 870	4 413	5 096	5 096	4 049	4 248	4 462
Planning and development		848	907	1 019	1 257	1 161	1 161	1 660	1 764	1 876
Road transport		902	1 127	1 851	3 156	3 935	3 935	2 389	2 484	2 586
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		24 043	32 837	25 007	30 672	31 932	31 932	34 979	37 061	39 299
Energy sources		10 529	11 292	10 426	11 019	11 762	11 762	13 226	14 119	15 078
Water management		7 894	12 700	8 971	10 808	12 598	12 598	13 303	14 020	14 791
Waste water management		2 775	6 238	2 628	4 540	3 923	3 923	4 186	4 427	4 686
Waste management		2 845	2 607	2 983	4 306	3 649	3 649	4 264	4 495	4 744
<i>Other</i>	4	206	393	52	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	44 127	54 529	57 650	61 079	63 671	63 671	69 085	72 451	76 777
<b>Surplus/(Deficit) for the year</b>		11 154	(8 058)	(4 368)	4 575	8 605	8 605	5 877	(13 627)	(14 196)

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function.

**4. Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

NC067 Khai-Ma - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue by Vote</b>	1									
Vote 1 - Municipal Manager		255	1 427	1 490	16 391	16 391	16 391	17 420	18 779	20 323
Vote 2 - Finance		19 945	19 646	24 235	6 902	6 955	6 955	7 769	8 547	9 315
Vote 3 - Corporate Services		1 683	1 435	1 597	1 120	1 394	1 394	928	1 140	1 153
Vote 4 - Infrastructure Development		33 398	23 962	25 960	41 241	47 536	47 536	48 845	30 357	31 790
Vote 5 - Economic Development		–	–	–	–	–	–	–	–	–
<b>Total Revenue by Vote</b>	2	<b>55 281</b>	<b>46 471</b>	<b>53 282</b>	<b>65 654</b>	<b>72 276</b>	<b>72 276</b>	<b>74 962</b>	<b>58 824</b>	<b>62 581</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Municipal Manager		4 522	6 595	15 268	8 083	7 642	7 642	8 617	9 144	9 716
Vote 2 - Finance		5 867	4 862	5 258	6 597	6 913	6 913	8 370	8 183	8 682
Vote 3 - Corporate Services		7 205	7 723	9 480	11 130	11 937	11 937	12 894	13 649	14 465
Vote 4 - Infrastructure Development		25 479	34 048	26 573	34 011	36 018	36 018	37 544	39 710	42 038
Vote 5 - Economic Development		1 054	1 300	1 071	1 257	1 161	1 161	1 660	1 764	1 876
<b>Total Expenditure by Vote</b>	2	<b>44 127</b>	<b>54 529</b>	<b>57 650</b>	<b>61 079</b>	<b>63 671</b>	<b>63 671</b>	<b>69 085</b>	<b>72 451</b>	<b>76 777</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>11 154</b>	<b>(8 058)</b>	<b>(4 368)</b>	<b>4 575</b>	<b>8 605</b>	<b>8 605</b>	<b>5 877</b>	<b>(13 627)</b>	<b>(14 196)</b>

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

**Table 20 Surplus/(Deficit) calculations for the trading services**

NC067 Khai-Ma - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Water:										
Revenue - Functional										
Water management		7 041	8 525	10 976	20 160	26 486	26 486	23 742	15 933	16 549
Expenditure - Functional										
Water management		7 894	12 700	8 971	10 808	12 598	12 598	13 303	14 020	14 791
		(853)	(4 176)	2 006	9 353	13 888	13 888	10 439	1 913	1 758
		-12.11	-48.98	18.27	46.39	52.43	52.43	43.97	12.01	10.63
Electricity:										
Revenue - Functional										
Energy sources		10 450	8 713	7 362	9 728	10 521	10 521	10 783	11 675	12 341
Expenditure - Functional										
Energy sources		10 529	11 292	10 426	11 019	11 762	11 762	13 226	14 119	15 078
		(79)	(2 579)	(3 063)	(1 291)	(1 241)	(1 241)	(2 443)	(2 444)	(2 737)
		-0.76	-29.59	-41.61	-13.27	-11.79	-11.79	-22.66	-20.93	-22.18

- The deficit of the electricity services is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting by the NERSA.
- The surplus on the water account remains relatively constant over the MTREF translating into a surplus of R5.4 million in 2018/19 and decrease to R4.5 in 2019/20 and R5 million in 2020/21 of each of the respective financial years.

**Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

NC067 Khai-Ma - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
<b>Revenue By Source</b>											
Property rates	2	3 000	3 204	4 078	4 500	4 359	4 359	4 359	5 066	5 339	5 633
Service charges - electricity revenue	2	6 238	7 139	7 250	8 694	9 404	9 404	9 404	9 016	9 632	10 291
Service charges - water revenue	2	5 910	7 103	6 847	6 235	6 561	6 561	6 561	6 584	6 940	7 321
Service charges - sanitation revenue	2	939	1 122	1 053	1 274	1 284	1 284	1 284	1 043	1 100	1 160
Service charges - refuse revenue	2	780	864	953	1 378	1 273	1 273	1 273	1 091	1 150	1 213
Service charges - other		—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		304	145	182	157	177	177	177	187	197	208
Interest earned - external investments		183	313	388	200	410	410	410	200	211	222
Interest earned - outstanding debtors		858	1 594	2 466	1 414	1 890	1 890	1 890	1 996	2 104	2 220
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		3	24	31	40	40	40	40	42	44	47
Licences and permits		22	35	41	52	68	68	68	72	76	80
Agency services		164	193	236	170	170	170	170	179	189	199
Transfers and subsidies		19 696	18 046	20 059	19 193	20 123	20 123	20 123	22 104	23 136	25 134
Other revenue	2	1 521	684	3 113	21	28	28	28	27	28	30
Gains on disposal of PPE		93	—	—	—	—	—	—	—	—	—
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>39 710</b>	<b>40 467</b>	<b>46 696</b>	<b>43 329</b>	<b>45 787</b>	<b>45 787</b>	<b>45 787</b>	<b>47 606</b>	<b>50 145</b>	<b>53 757</b>
<b>Expenditure By Type</b>											
Employee related costs	2	11 769	14 420	19 172	25 661	24 622	24 622	24 622	28 125	29 925	31 870
Remuneration of councillors		2 063	2 042	2 214	2 878	2 859	2 859	2 859	3 241	3 448	3 672
Debt impairment	3	7 337	9 718	9 389	4 950	4 950	4 950	4 950	4 996	5 292	5 609
Depreciation & asset impairment	2	2 525	6 251	3 510	3 011	3 011	3 011	3 011	3 008	3 008	3 008
Finance charges		1 268	1 513	2 449	1 045	1 445	1 445	1 445	1 533	1 599	1 671
Bulk purchases	2	8 999	10 329	10 708	10 863	12 293	12 293	12 293	13 258	14 131	15 068
Other materials	8	—	392	799	4 053	5 357	5 357	5 357	5 271	5 556	5 862
Contracted services		279	3 094	2 675	3 677	4 320	4 320	4 320	4 252	3 797	4 005
Transfers and subsidies		359	—	—	—	—	—	—	—	—	—
Other expenditure	4, 5	9 527	6 759	6 579	4 905	4 779	4 779	4 779	5 400	5 695	6 012
Loss on disposal of PPE		—	11	156	35	35	35	35	—	—	—
<b>Total Expenditure</b>		<b>44 127</b>	<b>54 529</b>	<b>57 650</b>	<b>61 079</b>	<b>63 671</b>	<b>63 671</b>	<b>63 671</b>	<b>69 085</b>	<b>72 451</b>	<b>76 777</b>
<b>Surplus/(Deficit)</b>		<b>(4 417)</b>	<b>(14 063)</b>	<b>(10 954)</b>	<b>(17 750)</b>	<b>(17 884)</b>	<b>(17 884)</b>	<b>(17 884)</b>	<b>(21 479)</b>	<b>(22 306)</b>	<b>(23 021)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		15 571	6 004	6 586	22 325	26 489	26 489	26 489	27 356	8 679	8 824
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Transfers and subsidies - capital (in-kind - all)	6	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>11 154</b>	<b>(8 058)</b>	<b>(4 368)</b>	<b>4 575</b>	<b>8 605</b>	<b>8 605</b>	<b>8 605</b>	<b>5 877</b>	<b>(13 627)</b>	<b>(14 196)</b>
Tax ation		—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after taxation</b>		<b>11 154</b>	<b>(8 058)</b>	<b>(4 368)</b>	<b>4 575</b>	<b>8 605</b>	<b>8 605</b>	<b>8 605</b>	<b>5 877</b>	<b>(13 627)</b>	<b>(14 196)</b>
Attributable to minorities		—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) attributable to municipality</b>		<b>11 154</b>	<b>(8 058)</b>	<b>(4 368)</b>	<b>4 575</b>	<b>8 605</b>	<b>8 605</b>	<b>8 605</b>	<b>5 877</b>	<b>(13 627)</b>	<b>(14 196)</b>
Share of surplus/ (deficit) of associate	7	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) for the year</b>		<b>11 154</b>	<b>(8 058)</b>	<b>(4 368)</b>	<b>4 575</b>	<b>8 605</b>	<b>8 605</b>	<b>8 605</b>	<b>5 877</b>	<b>(13 627)</b>	<b>(14 196)</b>

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R47 million in 2018/19 and increase to R50 million in 2019/20 and R53.7 in 2020/21 due to increase in government grant and services.
2. Revenue to be generated from property rates is R5 million in the 2018/19 financial year and increases to R5.3 million by 2019/20 and by 2020/21 R5.6 million.

3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are increasing rapidly over the MTREF. The municipality is grant dependent and is it important to increase the equitable share every year.

**Figure 2 Expenditure by major type**

5. Bulk purchases have significantly increased over the past few years. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Sedibeng.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

NC067 Khai-Ma - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		14 199	5 393	-	-	-	-	-	-	-	-
Vote 5 - Economic Development		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	<b>14 199</b>	<b>5 393</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Municipal Manager		229	160	156	100	100	100	100	150	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		2 804	-	119	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		1 519	274	6 777	22 325	26 489	26 489	26 489	27 356	8 679	8 824
Vote 5 - Economic Development		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>4 552</b>	<b>434</b>	<b>7 052</b>	<b>22 425</b>	<b>26 589</b>	<b>26 589</b>	<b>26 589</b>	<b>27 506</b>	<b>8 679</b>	<b>8 824</b>
<b>Total Capital Expenditure - Vote</b>		<b>18 750</b>	<b>5 827</b>	<b>7 052</b>	<b>22 425</b>	<b>26 589</b>	<b>26 589</b>	<b>26 589</b>	<b>27 506</b>	<b>8 679</b>	<b>8 824</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>229</b>	<b>74</b>	<b>156</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>150</b>	<b>-</b>	<b>-</b>
Executive and council		229	74	156	100	100	100	100	150	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>3 471</b>	<b>62</b>	<b>279</b>	<b>7 500</b>	<b>6 534</b>	<b>6 534</b>	<b>6 534</b>	<b>2 358</b>	<b>-</b>	<b>-</b>
Community and social services		2 804	62	119	-	-	-	-	-	-	-
Sport and recreation		667	-	160	7 500	6 534	6 534	6 534	2 358	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>9 767</b>	<b>3 549</b>	<b>4 426</b>	<b>1 000</b>	<b>130</b>	<b>130</b>	<b>130</b>	<b>-</b>	<b>-</b>	<b>-</b>
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		9 767	3 549	4 426	1 000	130	130	130	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>5 283</b>	<b>2 142</b>	<b>2 191</b>	<b>13 825</b>	<b>19 825</b>	<b>19 825</b>	<b>19 825</b>	<b>24 998</b>	<b>8 679</b>	<b>8 824</b>
Energy sources		1 636	529	-	1 000	1 000	1 000	1 000	1 650	1 920	1 920
Water management		692	48	1 184	12 825	18 825	18 825	18 825	14 348	6 759	6 904
Waste water management		2 103	-	-	-	-	-	-	9 000	-	-
Waste management		852	1 565	1 007	-	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional</b>	<b>3</b>	<b>18 750</b>	<b>5 827</b>	<b>7 052</b>	<b>22 425</b>	<b>26 589</b>	<b>26 589</b>	<b>26 589</b>	<b>27 506</b>	<b>8 679</b>	<b>8 824</b>
<b>Funded by:</b>											
National Government		14 360	4 168	6 586	21 325	20 359	20 359	20 359	18 356	8 679	8 824
Provincial Government		3 255	22	-	1 000	6 130	6 130	6 130	9 000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	<b>17 615</b>	<b>4 190</b>	<b>6 586</b>	<b>22 325</b>	<b>26 489</b>	<b>26 489</b>	<b>26 489</b>	<b>27 356</b>	<b>8 679</b>	<b>8 824</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>852</b>	<b>1 565</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>283</b>	<b>71</b>	<b>388</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>150</b>	<b>-</b>	<b>-</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>18 750</b>	<b>5 827</b>	<b>7 052</b>	<b>22 425</b>	<b>26 589</b>	<b>26 589</b>	<b>26 589</b>	<b>27 506</b>	<b>8 679</b>	<b>8 824</b>

## Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

NC067 Khai-Ma - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		14 199	5 393	-	-	-	-	-	-	-	-
Vote 5 - Economic Development		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	14 199	5 393	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Municipal Manager		229	160	156	100	100	100	100	150	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		2 804	-	119	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		1 519	274	6 777	22 325	26 489	26 489	26 489	27 356	8 679	8 824
Vote 5 - Economic Development		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		4 552	434	7 052	22 425	26 589	26 589	26 589	27 506	8 679	8 824
<b>Total Capital Expenditure - Vote</b>		18 750	5 827	7 052	22 425	26 589	26 589	26 589	27 506	8 679	8 824



**Table 23 MBRR Table A6 - Budgeted Financial Position**

NC067 Khai-Ma - Table A6 Budgeted Financial Position											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Current assets											
Cash		790	1 531	6 588	1 991	1 857	1 857	1 857	823	—	—
Call investment deposits	1	—	—	—	400	400	400	400	400	400	400
Consumer debtors	1	1 739	1 445	1 349	6 995	6 995	11 337	11 337	11 337	11 337	11 337
Other debtors		4 160	2 846	3 618	408	859	859	859	1 124	1 124	1 124
Current portion of long-term receivables		—	—	—	—	—	—	—	—	—	—
Inventory	2	573	635	509	504	504	504	504	529	555	583
Total current assets		7 262	6 457	12 064	10 297	10 614	14 956	14 956	14 213	13 416	13 444
Non current assets											
Long-term receivables		—	—	—	—	—	—	—	—	—	—
Investments		—	—	—	—	—	—	—	—	—	—
Investment property		1 525	1 361	1 291	1 519	1 747	1 285	1 285	1 279	1 274	1 268
Investment in Associate		—	—	—	—	—	—	—	—	—	—
Property, plant and equipment	3	109 143	111 547	113 694	135 576	134 046	137 351	137 351	161 855	167 533	173 356
Agricultural		—	—	—	—	—	—	—	—	—	—
Biological		—	—	—	—	—	—	—	—	—	—
Intangible		160	105	81	20	81	6	6	5	4	4
Other non-current assets		—	—	—	—	—	—	—	—	—	—
Total non current assets		110 828	113 013	115 066	137 115	135 874	138 642	138 642	163 140	168 811	174 627
TOTAL ASSETS		118 089	119 470	127 130	147 412	146 489	153 598	153 598	177 353	182 227	188 071
LIABILITIES											
Current liabilities											
Bank overdraft	1	—	—	—	—	—	—	—	—	20 315	39 154
Borrowing	4	11	—	26	29	—	—	—	—	—	—
Consumer deposits		87	102	126	98	126	126	126	132	139	146
Trade and other payables	4	16 735	20 655	31 092	9 238	6 938	6 938	6 938	24 149	20 580	19 890
Provisions		1 336	6 516	7 847	2 257	2 187	2 187	2 187	2 413	2 654	2 911
Total current liabilities		18 168	27 273	39 091	11 622	9 251	9 251	9 251	26 694	43 688	62 101
Non current liabilities											
Borrowing		—	—	29	—	29	29	29	—	—	—
Provisions		8 178	8 779	10 303	12 064	17 365	17 365	17 365	18 737	20 244	21 872
Total non current liabilities		8 178	8 779	10 331	12 064	17 393	17 393	17 393	18 737	20 244	21 872
TOTAL LIABILITIES		26 345	36 052	49 422	23 686	26 645	26 645	26 645	45 431	63 932	83 972
NET ASSETS	5	91 744	83 418	77 708	123 727	119 844	126 954	126 954	131 922	118 295	104 099
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		61 758	53 567	49 330	94 440	90 557	97 667	97 667	103 769	90 368	76 397
Reserves	4	29 986	29 852	28 378	29 287	29 287	29 287	29 287	28 153	27 927	27 702
TOTAL COMMUNITY WEALTH/EQUITY	5	91 744	83 418	77 708	123 727	119 844	126 954	126 954	131 922	118 295	104 099

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non current;

- Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
  5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 24 MBRR Table A7 - Budgeted Cash Flow Statement**

NC067 Khai-Ma - Table A7 Budgeted Cash Flows											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		1 561	4 208	4 726	4 493	3 046	3 046	3 046	4 504	4 271	4 506
Service charges		8 959	12 101	9 160	19 121	14 390	14 390	14 390	13 549	15 057	15 988
Other revenue		1 232	2 611	3 356	275	298	298	298	462	494	521
Government - operating	1	14 385	15 025	19 465	19 193	20 123	20 123	20 123	22 104	23 136	25 134
Government - capital	1	15 571	9 188	12 246	22 325	26 489	26 489	26 489	27 356	8 679	8 824
Interest		183	313	388	200	410	410	410	1 725	1 894	1 998
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(30 718)	(37 554)	(36 952)	(41 232)	(35 951)	(35 951)	(35 951)	(43 205)	(65 998)	(66 994)
Finance charges		(563)	(626)	(1 356)	-	(400)	(400)	(400)	-	-	-
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		10 610	5 266	11 034	24 375	28 405	28 405	28 405	26 496	(12 467)	(10 022)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(17 626)	(4 531)	(5 978)	(22 425)	(26 589)	(26 589)	(26 589)	(27 506)	(8 679)	(8 824)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(17 626)	(4 531)	(5 978)	(22 425)	(26 589)	(26 589)	(26 589)	(27 506)	(8 679)	(8 824)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		9	16	24	6	6	6	6	5	7	8
Payments											
Repayment of borrowing		(23)	(11)	(23)	(26)	(26)	(26)	(26)	(29)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(14)	5	1	(19)	(19)	(19)	(19)	(23)	7	8
NET INCREASE/ (DECREASE) IN CASH HELD		(7 030)	740	5 057	1 931	1 797	1 797	1 797	(1 033)	(21 139)	(18 838)
Cash/cash equivalents at the year begin:	2	7 820	790	1 531	460	460	460	460	2 257	1 223	(19 915)
Cash/cash equivalents at the year end:	2	790	1 531	6 588	2 391	2 257	2 257	2 257	1 223	(19 915)	(38 754)

<sup>1</sup>Table 25 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC067 Khai-Ma - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	790	1 531	6 588	2 391	2 257	2 257	2 257	1 223	(19 915)	(38 754)
Other current investments > 90 days		(0)	0	(0)	0	0	0	0	0	0	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>790</b>	<b>1 531</b>	<b>6 588</b>	<b>2 391</b>	<b>2 257</b>	<b>2 257</b>	<b>2 257</b>	<b>1 223</b>	<b>(19 915)</b>	<b>(38 754)</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		4 008	4 171	6 952	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(7 623)	(18 477)	272	(42 667)	(29 900)	(23 653)	(23 653)	(10 838)	(17 910)	(21 931)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	16	16	16	16	16	16	16
<b>Total Application of cash and investments:</b>		<b>(3 615)</b>	<b>(14 306)</b>	<b>7 225</b>	<b>(42 651)</b>	<b>(29 884)</b>	<b>(23 637)</b>	<b>(23 637)</b>	<b>(10 822)</b>	<b>(17 894)</b>	<b>(21 915)</b>
<b>Surplus(shortfall)</b>		<b>4 405</b>	<b>15 837</b>	<b>(637)</b>	<b>45 042</b>	<b>32 140</b>	<b>25 893</b>	<b>25 893</b>	<b>12 045</b>	<b>(2 022)</b>	<b>(16 839)</b>

## Explanatory notes to Table A7 - Budgeted Cash Flow Statement

NC067 Khai-Ma - Table A7 Budgeted Cash Flows											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		1 561	4 208	4 726	4 493	3 046	3 046	3 046	4 504	4 271	4 506
Service charges		8 959	12 101	9 160	19 121	14 390	14 390	14 390	13 549	15 057	15 988
Other revenue		1 232	2 611	3 356	275	298	298	298	462	494	521
Government - operating	1	14 385	15 025	19 465	19 193	20 123	20 123	20 123	22 104	23 136	25 134
Government - capital	1	15 571	9 188	12 246	22 325	26 489	26 489	26 489	27 356	8 679	8 824
Interest		183	313	388	200	410	410	410	1 725	1 894	1 998
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(30 718)	(37 554)	(36 952)	(41 232)	(35 951)	(35 951)	(35 951)	(43 205)	(65 998)	(66 994)
Finance charges		(563)	(626)	(1 356)	-	(400)	(400)	(400)	-	-	-
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>10 610</b>	<b>5 266</b>	<b>11 034</b>	<b>24 375</b>	<b>28 405</b>	<b>28 405</b>	<b>28 405</b>	<b>26 496</b>	<b>(12 467)</b>	<b>(10 022)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(17 626)	(4 531)	(5 978)	(22 425)	(26 589)	(26 589)	(26 589)	(27 506)	(8 679)	(8 824)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(17 626)</b>	<b>(4 531)</b>	<b>(5 978)</b>	<b>(22 425)</b>	<b>(26 589)</b>	<b>(26 589)</b>	<b>(26 589)</b>	<b>(27 506)</b>	<b>(8 679)</b>	<b>(8 824)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		9	16	24	6	6	6	6	5	7	8
<b>Payments</b>											
Repayment of borrowing		(23)	(11)	(23)	(26)	(26)	(26)	(26)	(29)	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(14)</b>	<b>5</b>	<b>1</b>	<b>(19)</b>	<b>(19)</b>	<b>(19)</b>	<b>(19)</b>	<b>(23)</b>	<b>7</b>	<b>8</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(7 030)</b>	<b>740</b>	<b>5 057</b>	<b>1 931</b>	<b>1 797</b>	<b>1 797</b>	<b>1 797</b>	<b>(1 033)</b>	<b>(21 139)</b>	<b>(18 838)</b>
Cash/cash equivalents at the year begin:	2	7 820	790	1 531	460	460	460	460	2 257	1 223	(19 915)
Cash/cash equivalents at the year end:	2	790	1 531	6 588	2 391	2 257	2 257	2 257	1 223	(19 915)	(38 754)

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is not aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

**Table 26 MBRR Table A9 - Asset Management**

NC067 Khai-Ma - Table A9 Asset Management										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 medium term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	18 750	5 787	7 052	8 600	7 634	7 634	4 158	1 920	1 920
Roads Infrastructure		9 349	3 549	4 426	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		1 636	529	-	1 000	1 000	1 000	1 650	1 920	1 920
Water Supply Infrastructure		545	48	1 184	-	-	-	-	-	-
Sanitation Infrastructure		2 103	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		852	1 565	1 007	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>14 485</b>	<b>5 691</b>	<b>6 617</b>	<b>1 000</b>	<b>1 000</b>	<b>1 000</b>	<b>1 650</b>	<b>1 920</b>	<b>1 920</b>
Community Facilities		1 074	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	160	7 500	6 534	6 534	2 358	-	-
<b>Community Assets</b>		<b>1 074</b>	<b>-</b>	<b>160</b>	<b>7 500</b>	<b>6 534</b>	<b>6 534</b>	<b>2 358</b>	<b>-</b>	<b>-</b>
Licences and Rights		6	19	-	-	-	-	-	-	-
<b>Intangible Assets</b>		<b>6</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	-	116	100	100	100	150	-	-
Furniture and Office Equipment		213	72	123	-	-	-	-	-	-
Machinery and Equipment		168	6	8	-	-	-	-	-	-
Transport Assets		2 804	-	28	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	<b>-</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 000</b>	<b>-</b>	<b>-</b>
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	5 000	-	-
<b>Infrastructure</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 000</b>	<b>-</b>	<b>-</b>
Community Facilities		-	39	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>-</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Upgrading of Existing Assets</b>	6	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 825</b>	<b>18 955</b>	<b>18 955</b>	<b>18 348</b>	<b>6 759</b>	<b>6 904</b>
Roads Infrastructure		-	-	-	1 000	130	130	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	12 825	18 825	18 825	14 348	6 759	6 904
Sanitation Infrastructure		-	-	-	-	-	-	4 000	-	-
<b>Infrastructure</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>13 825</b>	<b>18 955</b>	<b>18 955</b>	<b>18 348</b>	<b>6 759</b>	<b>6 904</b>
<b>Total Capital Expenditure</b>	4	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Roads Infrastructure		9 349	3 549	4 426	1 000	130	130	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		1 636	529	-	1 000	1 000	1 000	1 650	1 920	1 920
Water Supply Infrastructure		545	48	1 184	12 825	18 825	18 825	14 348	6 759	6 904
Sanitation Infrastructure		2 103	-	-	-	-	-	9 000	-	-
Solid Waste Infrastructure		852	1 565	1 007	-	-	-	-	-	-
<b>Infrastructure</b>		<b>14 485</b>	<b>5 691</b>	<b>6 617</b>	<b>14 825</b>	<b>19 955</b>	<b>19 955</b>	<b>24 998</b>	<b>8 679</b>	<b>8 824</b>
Community Facilities		1 074	39	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	160	7 500	6 534	6 534	2 358	-	-
<b>Community Assets</b>		<b>1 074</b>	<b>39</b>	<b>160</b>	<b>7 500</b>	<b>6 534</b>	<b>6 534</b>	<b>2 358</b>	<b>-</b>	<b>-</b>
Licences and Rights		6	19	-	-	-	-	-	-	-
<b>Intangible Assets</b>		<b>6</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	-	116	100	100	100	150	-	-
Furniture and Office Equipment		213	72	123	-	-	-	-	-	-
Machinery and Equipment		168	6	8	-	-	-	-	-	-
Transport Assets		2 804	-	28	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>18 750</b>	<b>5 827</b>	<b>7 052</b>	<b>22 425</b>	<b>26 589</b>	<b>26 589</b>	<b>27 506</b>	<b>8 679</b>	<b>8 824</b>

## Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

**Table 27 MBRR Table A10 - Basic Service Delivery Measurement**

NC067 Khai-Ma - Table A10 Basic service delivery measurement										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Household service targets</b>										
<b>Water:</b>										
Piped water inside dwelling	1	81	84	70	1 282	1 282	1 282	1 332	1 502	1 728
Piped water inside yard (but not in dwelling)	2	105	130	120	1 400	1 400	1 400	1 520	1 550	1 764
Using public tap (at least min.service level)	4	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Using public tap (< min.service level)	3	186	214	190	2 682	2 682	2 682	2 852	3 052	3 492
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply	4	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
<b>Total number of households</b>	5	186	214	190	2 682	2 682	2 682	2 852	3 052	3 492
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)	1	81	84	70	1 356	1 356	1 356	1 456	1 525	1 629
Flush toilet (with septic tank)	2	105	130	120	160	160	160	190	215	200
Chemical toilet	4	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	4	-	-	-	450	450	450	450	450	420
Other toilet provisions (> min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Bucket toilet	3	186	214	190	1 966	1 966	1 966	2 096	2 190	2 249
Other toilet provisions (< min.service level)	4	-	-	-	-	-	-	-	-	-
No toilet provisions	4	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
<b>Total number of households</b>	5	186	214	190	1 966	1 966	1 966	2 096	2 190	2 249
<b>Energy:</b>										
Electricity (at least min.service level)	1	-	-	-	1 966	1 966	1 966	2 096	2 190	2 230
Electricity - prepaid (min.service level)	2	212	231	120	1 358	1 358	1 358	1 371	1 399	1 501
<i>Minimum Service Level and Above sub-total</i>										
Electricity (< min.service level)	3	212	231	120	3 324	3 324	3 324	3 467	3 589	3 731
Electricity - prepaid (< min. service level)	4	-	-	-	-	-	-	-	-	-
Other energy sources	4	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
<b>Total number of households</b>	5	212	231	120	3 324	3 324	3 324	3 467	3 589	3 731
<b>Refuse:</b>										
Removed at least once a week	1	2 163	2 194	2 300	2 045	2 045	2 045	2 096	2 190	2 295
<i>Minimum Service Level and Above sub-total</i>										
Removed less frequently than once a week	2	2 163	2 194	2 300	2 045	2 045	2 045	2 096	2 190	2 295
Using communal refuse dump	4	-	-	-	-	-	-	-	-	-
Using own refuse dump	4	-	-	-	-	-	-	-	-	-
Other rubbish disposal	4	-	-	-	-	-	-	-	-	-
No rubbish disposal	4	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
<b>Total number of households</b>	5	2 163	2 194	2 300	2 045	2 045	2 045	2 096	2 190	2 295
<b>Households receiving Free Basic Service</b>										
Water (6 kilolitres per household per month)	7	-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)	7	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	7	-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)	7	-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>										
Water (6 kilolitres per indigent household per month)	8	-	-	-	7 387	7 387	7 387	7 778	8 198	8 649
Sanitation (free sanitation service to indigent households)	8	-	-	-	1 953	1 953	1 953	2 056	2 167	2 286
Electricity/other energy (50kwh per indigent household per month)	8	-	-	-	6 609	6 609	6 609	7 092	7 612	8 169
Refuse (removed once a week for indigent households)	8	-	-	-	3 110	3 110	3 110	3 275	3 452	3 642
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>	8	-	-	-	19 059	19 059	19 059	20 202	21 429	22 746
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)	9	25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	6	-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)	91	97	-	-	123	123	123	130	138	138
Electricity (kwh per household per month)	86	92	-	-	50	50	50	50	50	50
Refuse (average litres per week)	5	5	-	-	116	116	116	123	130	130
<b>Revenue cost of subsidised services provided (R'000)</b>										
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	9	5 689	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	6	10 042	10 727	11 595	12 367	12 379	12 379	13 048	13 753	14 509
Water (in excess of 6 kilolitres per indigent household per month)	6	2 823	3 242	3 499	4 462	4 462	4 462	4 763	5 020	5 297
Sanitation (in excess of free sanitation service to indigent households)	6	1 723	1 924	2 108	2 363	2 363	2 363	2 717	2 864	3 021
Electricity/other energy (in excess of 50 kwh per indigent household per month)	6	430	469	538	558	558	558	580	620	662
Refuse (in excess of one removal a week for indigent households)	6	1 783	2 006	2 223	2 484	2 484	2 484	2 673	2 818	2 973
Municipal Housing - rental rebates	6	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-
Other	6	-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>	6	22 491	18 368	19 962	22 234	22 255	22 255	23 782	25 074	26 462



## **Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The municipality continues to make good progress with the eradication of backlogs.

## **Part 2 – Supporting Documentation**

### **1.8 Overview of the annual budget process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### **1.8.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August ) a time schedule that sets out the process to revise the IDP and prepare the budget.

#### **1.8.2 IDP and Service Delivery and Budget Implementation Plan**

The municipalities IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and

- The review of the performance management and monitoring processes.

### **1.8.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2018/19 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/19 MTREF:

- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- Cash Flow Management Strategy
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51,54 and 67 has been taken into consideration in the planning and prioritisation process.

### **1.8.4 Community Consultation**

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

## **1.9 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and

direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

**Table 11 IDP Strategic Objectives**

2018/19 Financial Year	2019/20 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;
  - Provide water;
  - Provide sanitation;
  - Provide waste removal;
  - Provide roads and storm water;
  - Maintaining the infrastructure of the municipality.

### 3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme.
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
  - Implementing the municipality in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website, National Treasuries Tender Portal.
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
  - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

The 2018/19 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 29 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

NC067 Khai-Ma - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)													
Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
Sustaining the Natural and Built Environment	Climate protection and pollution minimisation	A		2 624	1 108	1 266	1 478	1 491	1 491	1 320	1 391	1 468	
	Develop, manage and regulate the built and natural environment	B		–	–	–	–	–	–	–	–	–	
Quality Living Environment	Meet service needs and address backlogs	C		26 548	27 968	30 918	32 528	39 792	39 792	45 109	29 278	30 651	
Safe, Healthy and Secure Environment	Promoting the safety of citizens	D		–	–	–	–	–	–	–	–	–	
	Promoting the health of citizens	F		–	12	12	12	12	12	13	13	14	
Embracing our Cultural Diversity	Promote sport and recreation within the town	G		4 310	2	3 464	7 500	6 534	6 534	2 712	–	–	
Good Governance	Ensure accessibility and promote governance.	H		1 121	7 075	7 033	2 510	2 530	2 530	2 456	2 742	2 830	
	Create an efficient, effective and accountable administration	I		969	282	219	241	15 420	15 420	16 067	17 361	18 840	
Financial Viability and Sustainability	Strategic and sustainable budgeting, Grow and diversify our revenues and Value for money expenditure	J		19 708	10 023	10 370	21 385	6 497	6 497	7 286	8 038	8 778	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	55 281	46 471	53 282	65 654	72 276	72 276	74 962	58 824	62 581

**Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

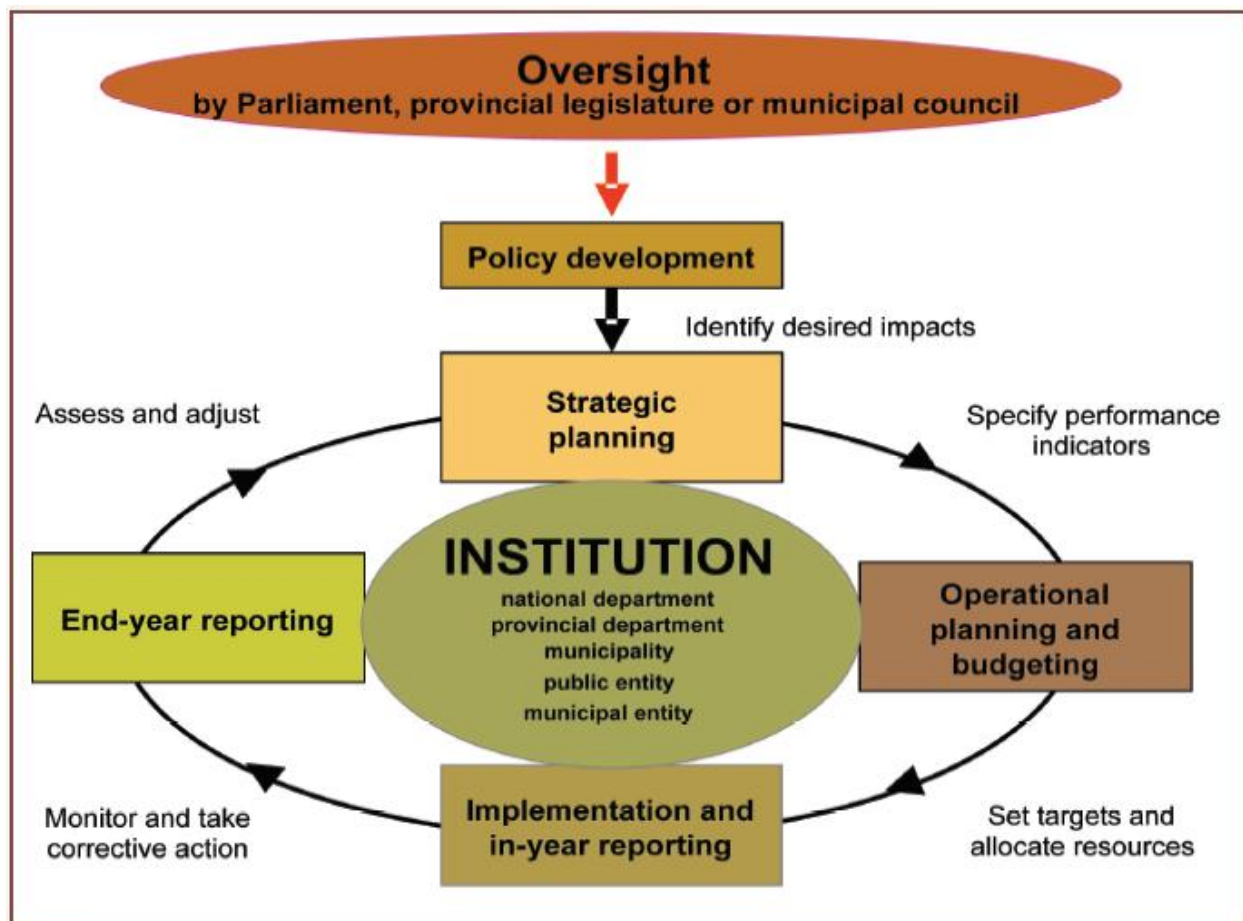
NC067 Khai-Ma - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
Sustaining the Natural and Built Environment	Climate protection and pollution minimisation	A	1	4 628	3 548	3 423	4 306	3 649	3 649	4 264	4 495	4 744
	Develop, manage and regulate the built and natural environment	B		848	990	830	1 257	1 161	1 161	1 660	1 764	1 876
Quality Living Environment	Meet service needs and address backlogs	C		20 332	29 103	29 200	29 087	31 753	31 753	32 639	34 550	36 605
Safe, Healthy and Secure Environment	Promoting the safety of citizens	D		13	252	252	252	252	252	265	279	294
	Promoting the health of citizens	F		201	285	289	361	367	367	376	398	421
Embracing our Cultural Diversity	Promote sport and recreation within the town	G		897	578	597	621	620	620	617	614	611
Good Governance	Ensure accessibility and promote governance.	H		4 798	5 951	6 345	7 200	6 891	6 891	7 171	7 581	8 025
	Create an efficient, effective and accountable administration	I		6 164	7 431	9 481	11 544	12 214	12 214	13 880	14 751	15 692
Financial Viability and Sustainability	Strategic and sustainable budgeting, Grow and diversify our revenues and Value for money expenditure	J		6 246	6 391	7 235	6 451	6 766	6 766	8 214	8 018	8 508
Allocations to other priorities												
Total Expenditure				44 127	54 529	57 650	61 079	63 671	63 671	69 085	72 451	76 777

**Table 31 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

NC067 Khai-Ma - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Vote 4 - Infrastructure Development</b>										
<b>Function 1 - Infrastructure Development</b>										
<b>Sub-function 1 - Electricity</b>										
INEP: Electricity connection	90 households	-	-	-	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Sub-function 2 - Water</b>										
MIG: Upgrading of bulkwater (Pofadder)	Phase 1	-	-	-	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
WSIG: Replacement of asbestos water pipes										
<b>Sub-function 3 - Roads</b>										
EPWP: Upgrading of roads (Ward 1,3,4)		-	-	-	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Vote 1 - vote name</b>										
<b>Function 1 - Housing</b>										
<b>Sub-function 1 - Housing</b>										
					-	-	-			
<b>Sub-function 2 - Water</b>										
					-	-	-			
<b>Sub-function 3 - Waste Water</b>										
					-	-	-			
<b>Function 2 - Waste Management</b>										
<b>Sub-function 1 - Solid Waste</b>										
					-	-	-			
<b>Sub-function 2 - Electricity</b>										
					-	-	-			
<b>Sub-function 3 - Parks</b>										
Upgrading of sport facilities		30.0%	30.0%	30.0%	50.0	50.0	50.0	50.0%	50.0%	50.0%

## 1.10 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and must implement a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.



**Figure 3 Planning, budgeting and reporting cycle**

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

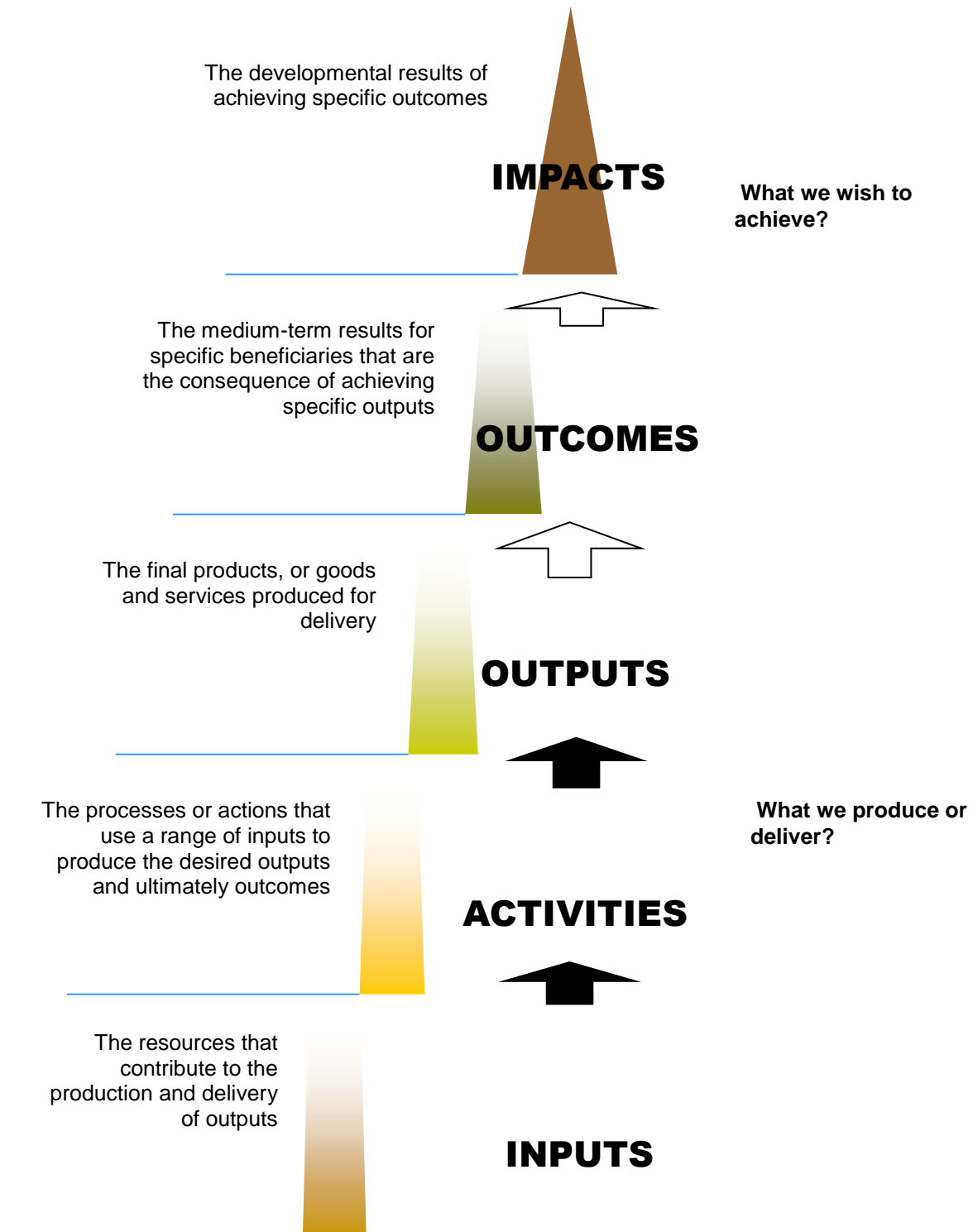


Figure 4 Definition of performance information concepts



The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 31-32 MBRR Table SA7 - Measurable performance objectives**

NC067 Khai-Ma - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Vote 4 - Infrastructure Development</b>										
<b>Function 1 - Infrastructure Development</b>										
<b>Sub-function 1 - Electricity</b>										
<i>INEP: Electricity connection</i>	90 households	-	-	-	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Sub-function 2 - Water</b>										
<i>MIG: Upgrading of bulkwater (Pofadder)</i>	Phase 1	-	-	-	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>WSIG: Replacement of asbestos water pipes</b>										
<b>Sub-function 3 - Roads</b>										
<i>EPWP: Upgrading of roads (Ward 1,3,4)</i>		-	-	-	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Vote 1 - vote name</b>										
<b>Function 1 - Housing</b>										
<b>Sub-function 1 - Housing</b>					-	-	-			
<b>Sub-function 2 - Water</b>					-	-	-			
<b>Sub-function 3 - Waste Water</b>					-	-	-			
<b>Function 2 - Waste Manangement</b>					-	-	-			
<b>Sub-function 1 - Solid Waste</b>					-	-	-			
<b>Sub-function 2 - Electricity</b>					-	-	-			
<b>Sub-function 3 -Parks</b>										
<i>Upgrading of sport facilities</i>		30.0%	30.0%	30.0%	50.0	50.0	50.0	50.0%	50.0%	50.0%

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

**Table 33 MBRR Table SA8 - Performance indicators and benchmarks**

NC067 Khai-Ma - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b><u>Borrowing Management</u></b>											
Credit Rating		0	0	0	1.8%	1.8%	1.8%	1.8%			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.9%	2.8%	4.3%	1.8%	2.3%	2.3%	2.3%	2.3%	2.2%	2.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.5%	6.8%	9.3%	4.4%	5.7%	5.7%	5.7%	6.1%	5.9%	5.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	0.4	0.2	0.3	0.9	1.1	1.6	1.6	0.5	0.3	0.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.4	0.2	0.3	0.9	1.1	1.6	1.6	0.5	0.3	0.2
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.0
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		62.4%	83.9%	68.8%	106.9%	76.2%	76.2%	76.2%	79.2%	80.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		62.4%	83.9%	68.8%	106.9%	76.2%	76.2%	76.2%	79.2%	80.0%	80.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.9%	10.6%	10.6%	17.1%	17.2%	26.6%	26.6%	26.2%	24.8%	23.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0	0	0	17.0%	16.0%	16.0%	16.0%	30.0%	20.0%	25.0%
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	50.00%	50.00%	50.00%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Creditors to Cash and Investments		1610.2%	1077.0%	366.4%	386.4%	307.5%	307.5%	307.5%	1974.3%	-103.3%	-51.3%
		n	n	n	n	n	n	n	n	n	n
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	420 000	480 000	520 000	607	607	607	607	574	645	645
	Total Cost of Losses (Rand '000)	420 000	480 000	520 000	770 983	770 983	770 983	770 983	744 478	861 128	861 128
	% Volume (units purchased and generated less units sold)/units purchased and generated	5.79%	10.00%	10.00%	12.70%	12.70%	12.70%	12.70%	12.97%	13.36%	13.36%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	200 003	200 003	200 003	376 116	376 116	376 116	376 116	369 822	373 520	373 520
	Total Cost of Losses (Rand '000)	700 000	740 011	780 012	1 516	1 516	1 516	1 516	1 638	1 823	1 823
	% Volume (units purchased and generated less units sold)/units purchased and generated	34.40%	10.00%	10.00%	27.22%	27.22%	27.22%	27.22%	26.50%	26.50%	26.50%
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.6%	35.6%	41.1%	59.2%	53.8%	53.8%	53.8%	59.1%	59.7%	59.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	38.8%	41.9%	45.8%	65.9%	60.0%	60.0%		65.9%	66.6%	66.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.4%	2.3%	2.4%	3.7%	5.9%	5.9%		4.1%	4.1%	4.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	9.6%	19.2%	12.8%	9.4%	9.7%	9.7%	9.7%	9.5%	9.2%	8.7%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	61.9	54.6	118.1	55.4	55.4	55.4	14.6	13.5	13.5	14.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	34.4%	21.9%	24.4%	33.3%	34.1%	52.9%	52.9%	54.2%	51.2%	48.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.3	0.4	1.6	0.5	0.5	0.5	0.5	0.2	(3.8)	(7.0)

### 1.10.1 Performance indicators and benchmarks

#### 1.10.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, borrowing strategy is primarily informed by the affordability of debt repayments.

#### 1.10.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, over and tax provisions as a percentage of funds and reserves.
- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1.
- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 120 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

#### 1.10.1.3 Creditors Management

- The municipality has not managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has not managed to ensure a 100 per cent compliance rate to this legislative obligation.
- The electricity distribution losses have been decrease from 12,34 per cent in the 2015/16 to 10,54 in 2016/2017 financial year to 2 per cent over the MTREF.
- The water distribution losses have been increase from 32 per cent in 2015/16 to 25.46 per cent in 2016/17.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases

increasing far above inflation. In real terms, repairs and maintenance has increased as part of the municipality strategy to ensure the management of its asset base.

### **1.10.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2017/18 financial year 1822 registered indigents have been provided for in the 2018/19 budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, one free drain pumping and free waste removal equivalent to 85¢ once a week.

### **1.10.3 Providing clean water and managing waste water**

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 71 per cent of the municipalities bulk water needs are provided directly by Sedibeng in the form of purified water. The remaining 29 per cent is generated from the Orange river.

The following is briefly the main challenges facing the municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;

## **1.11 Overview of budget related-policies**

The municipality budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **1.11.1 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council in May 2018. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed. The 2018/19 MTREF has been prepared on the basis of achieving an average debtor's collection rate of 80 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipalities cash levels.

### **1.11.2 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

### **1.11.3 Budget Policies**

The Budget Policies aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipaliteis system of delegations.

### **1.11.4 Cash Management and Investment Policy**

The aim of the policy is to ensure that the municipality surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

### **1.11.5 Tariff Policies**

The municipalities tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

### **1.11.6 Financial Modelling and Scenario Planning**

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2018/19 MTREF with the emphasis on affordability and long-term sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available at the municipality, as well as the following budget related policies:

- Property Rates Policy;
- Basic Social Services Package (Indigent Policy)

## **1.12 Overview of budget assumptions**

### **1.12.1 External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipalities finances.

### **1.12.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2018/19 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipalities residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration.

### **1.12.3 Credit rating outlook**

#### **Table 34 Credit rating outlook**

The rating definitions are:

- Short term : Prime – 1  
Short-Term Debt Ratings (maturities of less than one year)  
Prime-1 (highest quality)
- Long-term : Aa3  
Defined as high-grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.

### **1.12.4 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

### **1.12.5 Salary increases**

The collective agreement regarding salaries/wages came into operation on 1 July 2016. Actual costs budgeted of councillors allowance accordance the Gazette on the Remuneration of Public Officer Bearers Act.

### 1.12.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

### 1.12.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 80 per cent is achieved on operating expenditure and 85 per cent on the capital programme for the 2018/19 MTREF of which performance has been factored into the cash flow budget.

## 1.13 Overview of budget funding

### 1.13.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

NC067 Khai-Ma - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Revenue By Source											
Property rates	2	3 000	3 204	4 078	4 500	4 359	4 359	4 359	5 066	5 339	5 633
Service charges - electricity revenue	2	6 238	7 139	7 250	8 694	9 404	9 404	9 404	9 016	9 632	10 291
Service charges - water revenue	2	5 910	7 103	6 847	6 235	6 561	6 561	6 561	6 584	6 940	7 321
Service charges - sanitation revenue	2	939	1 122	1 053	1 274	1 284	1 284	1 284	1 043	1 100	1 160
Service charges - refuse revenue	2	780	864	953	1 378	1 273	1 273	1 273	1 091	1 150	1 213
Service charges - other		—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		304	145	182	157	177	177	177	187	197	208
Interest earned - external investments		183	313	388	200	410	410	410	200	211	222
Interest earned - outstanding debtors		858	1 594	2 466	1 414	1 890	1 890	1 890	1 996	2 104	2 220
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		3	24	31	40	40	40	40	42	44	47
Licences and permits		22	35	41	52	68	68	68	72	76	80
Agency services		164	193	236	170	170	170	170	179	189	199
Transfers and subsidies		19 696	18 046	20 059	19 193	20 123	20 123	20 123	22 104	23 136	25 134
Other revenue	2	1 521	684	3 113	21	28	28	28	27	28	30
Gains on disposal of PPE		93	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		39 710	40 467	46 696	43 329	45 787	45 787	45 787	47 606	50 145	53 757

**Table 35 Breakdown of the operating revenue over the medium-term**

NC067 Khai-Ma - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		13 043	13 931	15 673	16 867	16 738	16 738	16 738	18 114	19 092	20 142
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		10 042	10 727	11 595	12 367	12 379	12 379	12 379	13 048	13 753	14 509
Net Property Rates		3 000	3 204	4 078	4 500	4 359	4 359	4 359	5 066	5 339	5 633
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		6 668	7 609	7 788	15 861	16 581	16 581	16 581	16 688	17 863	19 122
less Revenue Foregone (in excess of 50 kwh per indigent household per month)		430	469	538	558	568	568	568	580	620	662
less Cost of Free Basis Services (50 kwh per indigent household per month)		—	—	—	6 609	6 609	6 609	6 609	7 092	7 612	8 169
Net Service charges - electricity revenue		6 238	7 139	7 250	8 694	9 404	9 404	9 404	9 016	9 632	10 291
Service charges - water revenue	6										
Total Service charges - water revenue		8 734	10 344	10 346	18 084	18 409	18 409	18 409	19 126	20 158	21 267
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)		2 823	3 242	3 499	4 462	4 462	4 462	4 462	4 763	5 020	5 297
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		—	—	—	7 387	7 387	7 387	7 387	7 778	8 198	8 649
Net Service charges - water revenue		5 910	7 103	6 847	6 235	6 561	6 561	6 561	6 584	6 940	7 321
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		2 662	3 046	3 161	5 589	5 599	5 599	5 599	5 816	6 130	6 467
less Revenue Foregone (in excess of free sanitation service to indigent households)		1 723	1 924	2 108	2 363	2 363	2 363	2 363	2 717	2 864	3 021
less Cost of Free Basis Services (free sanitation service to indigent households)		—	—	—	1 953	1 953	1 953	1 953	2 056	2 167	2 286
Net Service charges - sanitation revenue		939	1 122	1 053	1 274	1 284	1 284	1 284	1 043	1 100	1 160
Service charges - refuse revenue	6										
Total refuse removal revenue		2 563	2 870	3 175	6 973	6 868	6 868	6 868	7 039	7 419	7 827
Total landfill revenue		—	—	—	—	—	—	—	—	—	—
less Revenue Foregone (in excess of one removal a week to indigent households)		1 783	2 006	2 223	2 484	2 484	2 484	2 484	2 673	2 818	2 973
less Cost of Free Basis Services (removed once a week to indigent households)		—	—	—	3 110	3 110	3 110	3 110	3 275	3 452	3 642
Net Service charges - refuse revenue		780	864	953	1 378	1 273	1 273	1 273	1 091	1 150	1 213
Other Revenue by source											
Fuel Levy		—	—	—	—	—	—	—	—	—	—
Operational Revenue		1 521	631	3 025	15	15	15	15	16	17	18
Sales of Goods and Rendering of Services		—	39	71	5	12	12	12	10	11	12
Surcharges		—	15	18	—	—	—	—	—	—	—
Total 'Other' Revenue	1	1 521	684	3 113	21	28	28	28	27	28	30
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	8 471	10 467	14 073	17 302	16 660	16 660	16 660	18 810	20 014	21 315
Pension and UIF Contributions		1 059	1 099	1 458	2 336	2 250	2 250	2 250	2 591	2 757	2 936
Medical Aid Contributions		260	220	276	1 666	974	974	974	1 615	1 718	1 830
Overtime		574	682	986	1 306	1 613	1 613	1 613	1 684	1 792	1 908
Performance Bonus		542	544	748	1 032	1 013	1 013	1 013	1 184	1 259	1 341
Motor Vehicle Allowance		231	299	303	327	328	328	328	320	341	363
Cellphone Allowance		—	237	292	39	36	36	36	36	38	41
Housing Allowances		15	19	60	90	80	80	80	82	87	93
Other benefits and allowances		148	—	—	624	626	626	626	719	765	815
Payments in lieu of leave		172	401	660	78	178	178	178	167	178	190
Long service awards		55	61	66	76	76	76	76	82	87	92
Post-retirement benefit obligations		241	389	249	785	785	785	785	834	888	945
sub-total	5	11 769	14 420	19 172	25 661	24 622	24 622	24 622	28 125	29 925	31 870
Less: Employees costs capitalised to PPE		—	—	—	—	—	—	—	—	—	—
Total Employee related costs	1	11 769	14 420	19 172	25 661	24 622	24 622	24 622	28 125	29 925	31 870

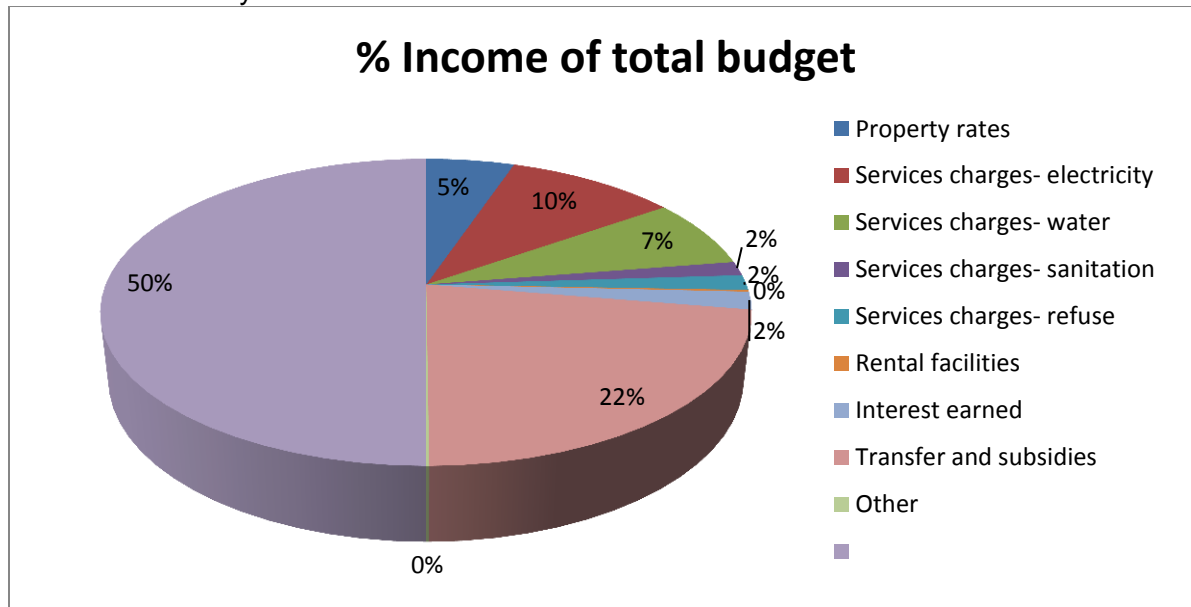


<b>Depreciation &amp; asset impairment</b>										
Depreciation of Property, Plant & Equipment		2 524	6 251	3 392	2 986	2 986	2 986	2 986	2 997	2 997
Lease amortisation		1	–	–	–	–	–	–	–	–
Capital asset impairment		–	–	118	25	25	25	25	11	11
Depreciation resulting from revaluation of PPE	10	–	–	–	–	–	–	–	–	–
<b>Total Depreciation &amp; asset impairment</b>	<b>1</b>	<b>2 525</b>	<b>6 251</b>	<b>3 510</b>	<b>3 011</b>	<b>3 011</b>	<b>3 011</b>	<b>3 011</b>	<b>3 008</b>	<b>3 008</b>
<b>Bulk purchases</b>										
Electricity Bulk Purchases		6 701	7 441	7 100	7 610	7 840	7 840	7 840	8 158	9 396
Water Bulk Purchases		2 298	2 888	3 608	3 253	4 453	4 453	4 453	5 100	5 671
<b>Total bulk purchases</b>	<b>1</b>	<b>8 999</b>	<b>10 329</b>	<b>10 708</b>	<b>10 863</b>	<b>12 293</b>	<b>12 293</b>	<b>12 293</b>	<b>13 258</b>	<b>15 068</b>
<b>Transfers and grants</b>										
Cash transfers and grants		–	–	–	–	–	–	–	–	–
Non-cash transfers and grants		359	–	–	–	–	–	–	–	–
<b>Total transfers and grants</b>	<b>1</b>	<b>359</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Contracted services</b>										
Consultants and Professional Services		–	729	1 287	1 027	1 364	1 364	1 364	1 658	1 121
Contractors		279	2 068	1 020	1 368	1 172	1 172	1 172	1 242	1 381
Outsourced Services		–	297	368	1 282	1 784	1 784	1 784	1 352	1 503
<b>sub-total</b>	<b>1</b>	<b>279</b>	<b>3 094</b>	<b>2 675</b>	<b>3 677</b>	<b>4 320</b>	<b>4 320</b>	<b>4 320</b>	<b>4 252</b>	<b>4 005</b>
<b>Allocations to organs of state:</b>										
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Sanitation		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
<b>Total contracted services</b>		<b>279</b>	<b>3 094</b>	<b>2 675</b>	<b>3 677</b>	<b>4 320</b>	<b>4 320</b>	<b>4 320</b>	<b>4 252</b>	<b>4 005</b>
<b>Other Expenditure By Type</b>										
Collection costs		–	–	–	–	–	–	–	–	–
Contributions to 'other' provisions		–	–	–	–	–	–	–	–	–
Consultant fees		–	–	–	–	–	–	–	–	–
Audit fees		1 222	1 951	2 128	1 610	1 610	1 610	1 610	1 832	2 037
General ex penses	3	8 305	–	–	281	314	314	314	336	377
Departmental Recoveries/Vehicles		–	–	–	(1 838)	(1 838)	(1 838)	(1 935)	(2 040)	(2 152)
Printing, Publications and Books		–	–	–	49	56	56	57	61	64
Entertainment		–	24	26	33	28	28	28	39	43
Insurance		–	326	246	238	238	238	238	268	298
Skills Development Fund Levy		–	126	146	194	215	215	215	213	227
Ward Committees		–	116	146	240	150	150	150	240	253
Advertising, Publicity and Marketing		–	50	17	56	91	91	91	86	95
Travel and Subsistence		–	1 272	832	1 256	1 358	1 358	1 358	1 607	1 787
Registration Fees		–	–	–	–	–	–	–	–	–
Communication		–	348	355	417	488	488	488	510	537
Inventory Consumed		–	781	853	–	–	–	–	–	–
Bank Charges		–	175	224	215	265	265	265	265	279
Professional Bodies, Membership and Subscription		–	530	537	531	536	536	536	551	581
Wet Fuel		–	579	504	1 150	690	690	690	720	759
Licences		–	–	–	50	105	105	105	115	121
Levies Paid		–	–	–	60	110	110	110	116	122
Commission		–	368	385	363	363	363	363	380	401
Uniform and Protective Clothing		–	37	60	–	–	–	–	–	–
Workmen's Compensation Fund		–	77	121	–	–	–	–	–	–
<b>Total 'Other' Expenditure</b>	<b>1</b>	<b>9 527</b>	<b>6 759</b>	<b>6 579</b>	<b>4 905</b>	<b>4 779</b>	<b>4 779</b>	<b>4 779</b>	<b>5 400</b>	<b>6 012</b>
<b>Repairs and Maintenance</b>										
Employee related costs	8	–	–	–	–	–	–	–	–	–
Other materials		60	63	430	568	938	938	938	596	629
Contracted Services		883	867	679	1 023	1 779	1 779	1 779	1 354	1 506
Other Expenditure		–	–	17	–	–	–	–	–	–
<b>Total Repairs and Maintenance Expenditure</b>	<b>9</b>	<b>943</b>	<b>930</b>	<b>1 127</b>	<b>1 591</b>	<b>2 716</b>	<b>2 716</b>	<b>2 716</b>	<b>1 951</b>	<b>2 056</b>

NC067 Khai-Ma - Supporting Table SA15 Investment particulars by type

NC067 Khai-Ma - Supporting Table SA15 Investment particulars by type										
Investment type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	400	400	400	400	400	400
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	-	-	400	400	400	400	400	400
Entities										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		-	-	-	400	400	400	400	400	400

The following graph is a breakdown of the operational revenue per main category for the 2018/19 financial year.



**Figure 5 Breakdown of operating revenue over the 2018/19 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 80 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2018/19 MTREF on the different revenue categories are:

**Table 36 Proposed tariff increases over the medium-term:**

NC067 Khai-Ma - Supporting Table SA14 Household bills											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates		770.00	823.90	869.17	896.62	896.62	896.62	-	985.25	1 038.45	1 095.57
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		1 416.00	1 588.70	1 738.00	998.23	998.23	998.23	-	1 891.70	1 993.85	2 103.51
Water: Basic levy		99.00	108.90	118.70	127.00	127.00	127.00	-	133.73	140.95	148.70
Water: Consumption		285.00	345.00	372.00	396.00	396.00	396.00	-	417.00	439.52	463.69
Sanitation		93.50	102.50	111.70	122.87	122.87	122.87	-	129.38	136.37	143.87
Refuse removal		88.00	96.80	105.50	116.05	116.05	116.05	-	122.20	128.80	135.88
Other		-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>		<b>2 751.50</b>	<b>3 065.80</b>	<b>3 315.07</b>	<b>2 656.77</b>	<b>2 656.77</b>	<b>2 656.77</b>	<b>38.5%</b>	<b>3 679.26</b>	<b>3 877.94</b>	<b>4 091.22</b>
VAT on Services		-	-	-	-	-	-	-	-	-	-
<b>Total large household bill:</b>		<b>2 751.50</b>	<b>3 065.80</b>	<b>3 315.07</b>	<b>2 656.77</b>	<b>2 656.77</b>	<b>2 656.77</b>	<b>38.5%</b>	<b>3 679.26</b>	<b>3 877.94</b>	<b>4 091.22</b>
<b>% increase/-decrease</b>			<b>11.4%</b>	<b>8.1%</b>	<b>(19.9%)</b>	<b>-</b>	<b>-</b>		<b>38.5%</b>	<b>5.4%</b>	<b>5.5%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates		550.00	587.50	620.83	630.96	630.96	630.96	-	703.75	741.75	782.55
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		708.00	794.35	869.00	885.30	885.30	885.30	-	948.55	999.77	1 054.76
Water: Basic levy		99.00	108.90	118.70	127.00	127.00	127.00	-	133.73	140.95	148.70
Water: Consumption		261.25	287.50	310.00	330.00	330.00	330.00	-	347.50	366.26	386.41
Sanitation		93.50	102.50	111.70	122.87	122.87	122.87	-	129.38	136.37	143.87
Refuse removal		88.00	96.80	105.50	116.05	116.05	116.05	-	122.20	128.80	135.88
Other		-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>		<b>1 799.75</b>	<b>1 977.55</b>	<b>2 135.73</b>	<b>2 212.18</b>	<b>2 212.18</b>	<b>2 212.18</b>	<b>7.8%</b>	<b>2 385.11</b>	<b>2 513.90</b>	<b>2 652.17</b>
VAT on Services		-	-	-	-	-	-	-	-	-	-
<b>Total small household bill:</b>		<b>1 799.75</b>	<b>1 977.55</b>	<b>2 135.73</b>	<b>2 212.18</b>	<b>2 212.18</b>	<b>2 212.18</b>	<b>7.8%</b>	<b>2 385.11</b>	<b>2 513.90</b>	<b>2 652.17</b>
<b>% increase/-decrease</b>			<b>9.9%</b>	<b>8.0%</b>	<b>3.6%</b>	<b>-</b>	<b>-</b>		<b>7.8%</b>	<b>5.4%</b>	<b>5.5%</b>
<b>Monthly Account for Household - 'Indigent'</b>	3										
<b>Household receiving free basic services</b>											
<b>Rates and services charges:</b>											
Property rates		300.00	330.00	372.50	398.50	398.50	398.50	-	422.25	445.05	469.53
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		422.10	431.31	444.06	527.83	527.83	527.83	-	567.51	598.15	-
Water: Basic levy		99.00	108.90	118.70	127.00	127.00	127.00	-	133.73	140.95	148.70
Water: Consumption		209.00	161.00	173.60	264.00	264.00	264.00	-	194.60	205.11	216.39
Sanitation		93.50	102.50	111.70	122.87	122.87	122.87	-	129.38	136.37	143.87
Refuse removal		88.00	96.80	105.50	116.05	116.05	116.05	-	122.20	128.80	135.88
Other		-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>		<b>1 211.60</b>	<b>1 230.51</b>	<b>1 326.06</b>	<b>1 556.25</b>	<b>1 556.25</b>	<b>1 556.25</b>	<b>0.9%</b>	<b>1 569.67</b>	<b>1 654.43</b>	<b>1 114.37</b>
VAT on Services		-	-	-	-	-	-	-	-	-	-
<b>Total small household bill:</b>		<b>1 211.60</b>	<b>1 230.51</b>	<b>1 326.06</b>	<b>1 556.25</b>	<b>1 556.25</b>	<b>1 556.25</b>	<b>0.9%</b>	<b>1 569.67</b>	<b>1 654.43</b>	<b>1 114.37</b>
<b>% increase/-decrease</b>			<b>1.6%</b>	<b>7.8%</b>	<b>17.4%</b>	<b>-</b>	<b>-</b>		<b>0.9%</b>	<b>5.4%</b>	<b>(32.6%)</b>

The tables below provide detail investment information and investment particulars by maturity.

**Table 37 MBRR SA15 – Detail Investment Information**

NC067 Khai-Ma - Supporting Table SA15 Investment particulars by type										
Investment type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	400	400	400	400	400	400
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	-	-	400	400	400	400	400	400
Entities										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		-	-	-	400	400	400	400	400	400

**Table 38 MBRR SA16 – Investment particulars by maturity**

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity.

### 1.13.2 Medium-term outlook: capital revenue

NC067 Khai-Ma - Supporting Table SA16 Investment particulars by maturity													
Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up
		Yrs/Months											
<b>Parent municipality</b>	1												
Standard Bank		Monthly	Call Deposit	Yes	Variable	6			Ongoing	400	-	-	-
<b>Municipality sub-total</b>										400		-	-
<b>Entities</b>													
<b>Entities sub-total</b>										-		-	-
<b>TOTAL INVESTMENTS AND INTEREST</b>	1									400		-	-

The following table is a breakdown of the funding composition of the 2018/19 medium-term capital programme:

**Table 39 Sources of capital revenue over the MTREF**

CAPITAL EXPENDITURE										
<b>Total New Assets</b>	1	18 750	5 787	7 052	8 600	7 634	7 634	4 158	1 920	1 920
Roads Infrastructure		9 349	3 549	4 426	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		1 636	529	-	1 000	1 000	1 000	1 650	1 920	1 920
Water Supply Infrastructure		545	48	1 184	-	-	-	-	-	-
Sanitation Infrastructure		2 103	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		852	1 565	1 007	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>14 485</b>	<b>5 691</b>	<b>6 617</b>	<b>1 000</b>	<b>1 000</b>	<b>1 000</b>	<b>1 650</b>	<b>1 920</b>	<b>1 920</b>
Community Facilities		1 074	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	160	7 500	6 534	6 534	2 358	-	-
<b>Community Assets</b>		<b>1 074</b>	<b>-</b>	<b>160</b>	<b>7 500</b>	<b>6 534</b>	<b>6 534</b>	<b>2 358</b>	<b>-</b>	<b>-</b>
<b>Heritage Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		6	19	-	-	-	-	-	-	-
<b>Intangible Assets</b>		<b>6</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	-	116	100	100	100	150	-	-
Furniture and Office Equipment		213	72	123	-	-	-	-	-	-
Machinery and Equipment		168	6	8	-	-	-	-	-	-
<b>Transport Assets</b>		<b>2 804</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	<b>-</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 000</b>	<b>-</b>	<b>-</b>
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	5 000	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>-</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 000</b>	<b>-</b>	<b>-</b>
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>-</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Heritage Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

The above table is graphically represented as follows for the 2018/19 financial year.

**Figure 6 Sources of capital revenue for the 2018/19 financial year:**

NC067 Khai-Ma - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		14 199	5 393	-	-	-	-	-	-	-	-
Vote 5 - Economic Development		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	<b>14 199</b>	<b>5 393</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Municipal Manager		229	160	156	100	100	100	100	150	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		2 804	-	119	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		1 519	274	6 777	22 325	26 489	26 489	26 489	27 356	8 679	8 824
Vote 5 - Economic Development		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>4 552</b>	<b>434</b>	<b>7 052</b>	<b>22 425</b>	<b>26 589</b>	<b>26 589</b>	<b>26 589</b>	<b>27 506</b>	<b>8 679</b>	<b>8 824</b>
<b>Total Capital Expenditure - Vote</b>		<b>18 750</b>	<b>5 827</b>	<b>7 052</b>	<b>22 425</b>	<b>26 589</b>	<b>26 589</b>	<b>26 589</b>	<b>27 506</b>	<b>8 679</b>	<b>8 824</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>229</b>	<b>74</b>	<b>156</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>150</b>	<b>-</b>	<b>-</b>
Executive and council		229	74	156	100	100	100	100	150	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>3 471</b>	<b>62</b>	<b>279</b>	<b>7 500</b>	<b>6 534</b>	<b>6 534</b>	<b>6 534</b>	<b>2 358</b>	<b>-</b>	<b>-</b>
Community and social services		2 804	62	119	-	-	-	-	-	-	-
Sport and recreation		667	-	160	7 500	6 534	6 534	6 534	2 358	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>9 767</b>	<b>3 549</b>	<b>4 426</b>	<b>1 000</b>	<b>130</b>	<b>130</b>	<b>130</b>	<b>-</b>	<b>-</b>	<b>-</b>
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		9 767	3 549	4 426	1 000	130	130	130	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>5 283</b>	<b>2 142</b>	<b>2 191</b>	<b>13 825</b>	<b>19 825</b>	<b>19 825</b>	<b>19 825</b>	<b>24 998</b>	<b>8 679</b>	<b>8 824</b>
Energy sources		1 636	529	-	1 000	1 000	1 000	1 000	1 650	1 920	1 920
Water management		692	48	1 184	12 825	18 825	18 825	18 825	14 348	6 759	6 904
Waste water management		2 103	-	-	-	-	-	-	9 000	-	-
Waste management		852	1 565	1 007	-	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional</b>	<b>3</b>	<b>18 750</b>	<b>5 827</b>	<b>7 052</b>	<b>22 425</b>	<b>26 589</b>	<b>26 589</b>	<b>26 589</b>	<b>27 506</b>	<b>8 679</b>	<b>8 824</b>
<b>Funded by:</b>											
National Government		14 360	4 168	6 586	21 325	20 359	20 359	20 359	18 356	8 679	8 824
Provincial Government		3 255	22	-	1 000	6 130	6 130	6 130	9 000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	<b>17 615</b>	<b>4 190</b>	<b>6 586</b>	<b>22 325</b>	<b>26 489</b>	<b>26 489</b>	<b>26 489</b>	<b>27 356</b>	<b>8 679</b>	<b>8 824</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>852</b>	<b>1 565</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>283</b>	<b>71</b>	<b>388</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>150</b>	<b>-</b>	<b>-</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>18 750</b>	<b>5 827</b>	<b>7 052</b>	<b>22 425</b>	<b>26 589</b>	<b>26 589</b>	<b>26 589</b>	<b>27 506</b>	<b>8 679</b>	<b>8 824</b>

**Table 40 MBRR Table SA 17 – Detail of Borrowing**

NC067 Khai-Ma - Supporting Table SA17 Borrowing										
Borrowing - Categorised by type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>										
<b>Parent municipality</b>										
Annuity and Bullet Loans		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	29	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
<b>Municipality sub-total</b>	1	-	-	29	-	-	-	-	-	-
<b>Entities</b>										
Annuity and Bullet Loans		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	-	-	29	-	-	-	-	-	-

All external fund are redeemed.



**Table 41 MBRR Table SA 18 - Capital transfers and grant receipts**

NC067 Khai-Ma - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		15 987	21 239	17 377	18 291	18 291	18 291	20 396	22 228	24 226
Local Government Equitable Share		13 821	17 571	15 552	16 391	16 391	16 391	17 420	18 779	20 323
Local Government Financial Management Grant [Schedule 5B]		1 768	1 740	1 825	1 900	1 900	1 900	1 970	2 435	2 867
Municipal Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	1 006	1 014	1 036
Municipal Infrastructure Grant [Schedule 5B] (Sport)		-	-	-	-	-	-	-	-	-
Municipal Water Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme (Municipal)		-	971	-	-	-	-	-	-	-
Science and Technology		-	27	-	-	-	-	-	-	-
Municipal Systems Improvement Grant [Schedule 5B]		398	930	-	-	-	-	-	-	-
Provincial Government:		1 015	1 035	2 056	867	1 737	1 737	1 708	908	908
Libraries, Archives and Museums - Library Services		747	1 035	1 134	867	867	867	708	908	908
Expanded Public Works Programme Integrated Grants		268	-	922	-	870	870	1 000	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Northern Cape - DC 06 - Namakwa		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		25	25	33	35	95	95	-	-	-
Vedanta Black Mountain		-	-	-	-	-	-	-	-	-
Construction, Education and Training SETA		25	25	33	35	95	95	-	-	-
Total Operating Transfers and Grants	5	17 028	22 298	19 465	19 193	20 123	20 123	22 104	23 136	25 134
Capital Transfers and Grants										
National Government:		12 262	7 606	6 586	21 325	20 359	20 359	13 356	8 679	8 824
Local Government Financial Management Grant [Schedule 5B]		32	60	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		8 376	6 744	6 586	7 825	7 825	7 825	6 706	6 759	6 904
Municipal Infrastructure Grant [Schedule 5B] (Sport)		-	-	-	7 500	6 534	6 534	-	-	-
Municipal Water Infrastructure Grant [Schedule 5B]		-	-	-	5 000	5 000	5 000	5 000	-	-
Integrated National Electrification Programme (Municipal)		-	529	-	1 000	1 000	1 000	1 650	1 920	1 920
Science and Technology		-	274	-	-	-	-	-	-	-
Accelerated Community Infrastructure Programme		3 793	-	-	-	-	-	-	-	-
Department of Water & Sanitation		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant [Schedule 5B]		61	-	-	-	-	-	-	-	-
Provincial Government:		667	-	-	1 000	6 130	6 130	14 000	-	-
COGHTA		-	-	-	-	6 000	6 000	14 000	-	-
Department Sport Arts and Culture - Library Development		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grants		667	-	-	1 000	130	130	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Northern Cape - DC 06 - Namakwa		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Vedanta Black Mountain		-	-	-	-	-	-	-	-	-
Construction, Education and Training SETA		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	12 928	7 606	6 586	22 325	26 489	26 489	27 356	8 679	8 824
TOTAL RECEIPTS OF TRANSFERS & GRANTS		29 956	29 905	26 052	41 518	46 612	46 612	49 460	31 815	33 958

### 1.13.3 Cash Flow Management

NC067 Khai-Ma - Supporting Table SA25 Budgeted monthly revenue and expenditure

NC067 Khai-Ma - Supporting Table SA25 Budgeted monthly revenue and expenditure																
Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																
<b>Revenue By Source</b>																
Property rates		422	422	422	422	422	422	422	422	422	422	422	422	5 066	5 339	5 633
Service charges - electricity revenue		751	751	751	751	751	751	751	751	751	751	751	751	9 016	9 632	10 291
Service charges - water revenue		549	549	549	549	549	549	549	549	549	549	549	549	6 584	6 940	7 321
Service charges - sanitation revenue		87	87	87	87	87	87	87	87	87	87	87	87	1 043	1 100	1 160
Service charges - refuse revenue		91	91	91	91	91	91	91	91	91	91	91	91	1 091	1 150	1 213
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		16	16	16	16	16	16	16	16	16	16	16	16	187	197	208
Interest earned - external investments		17	17	17	17	17	17	17	17	17	17	17	17	200	211	222
Interest earned - outstanding debtors		166	166	166	166	166	166	166	166	166	166	166	166	1 996	2 104	2 220
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4	4	4	4	4	4	4	4	4	4	4	4	42	44	47
Licences and permits		6	6	6	6	6	6	6	6	6	6	6	6	72	76	80
Agency services		15	15	15	15	15	15	15	15	15	15	15	15	179	189	199
Transfers and subsidies		22 104	-	-	-	-	-	-	-	-	-	-	-	22 104	23 136	25 134
Other revenue		-	-	-	-	-	-	-	-	-	-	-	27	27	28	30
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>24 227</b>	<b>2 123</b>	<b>2 123</b>	<b>2 123</b>	<b>2 123</b>	<b>2 123</b>	<b>2 123</b>	<b>2 123</b>	<b>2 123</b>	<b>2 123</b>	<b>2 123</b>	<b>2 149</b>	<b>47 606</b>	<b>50 145</b>	<b>53 757</b>
<b>Expenditure By Type</b>																
Employee related costs		2 344	2 344	2 344	2 344	2 344	2 344	2 344	2 344	2 344	2 344	2 344	2 344	28 125	29 925	31 870
Remuneration of councillors		270	270	270	270	270	270	270	270	270	270	270	270	3 241	3 448	3 672
Debt impairment		416	416	416	416	416	416	416	416	416	416	416	416	4 996	5 292	5 609
Depreciation & asset impairment		251	251	251	251	251	251	251	251	251	251	251	251	3 008	3 008	3 008
Finance charges		128	128	128	128	128	128	128	128	128	128	128	128	1 533	1 599	1 671
Bulk purchases		1 105	1 105	1 105	1 105	1 105	1 105	1 105	1 105	1 105	1 105	1 105	1 105	13 258	14 131	15 068
Other materials		439	439	439	439	439	439	439	439	439	439	439	439	5 271	5 556	5 862
Contracted services		354	354	354	354	354	354	354	354	354	354	354	354	4 252	3 797	4 005
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		-	-	-	-	-	-	-	-	-	-	-	5 400	5 400	5 695	6 012
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>5 307</b>	<b>5 307</b>	<b>5 307</b>	<b>5 307</b>	<b>5 307</b>	<b>5 307</b>	<b>5 307</b>	<b>5 307</b>	<b>5 307</b>	<b>5 307</b>	<b>5 307</b>	<b>10 707</b>	<b>69 085</b>	<b>72 451</b>	<b>76 777</b>
<b>Surplus/(Deficit)</b>		<b>18 920</b>	<b>(3 184)</b>	<b>(3 184)</b>	<b>(3 184)</b>	<b>(3 184)</b>	<b>(3 184)</b>	<b>(3 184)</b>	<b>(3 184)</b>	<b>(3 184)</b>	<b>(3 184)</b>	<b>(3 184)</b>	<b>(8 557)</b>	<b>(21 479)</b>	<b>(22 306)</b>	<b>(23 021)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		24 870	226	226	226	226	226	226	226	226	226	226	226	27 356	8 679	8 824
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>43 790</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(8 331)</b>	<b>5 877</b>	<b>(13 627)</b>	<b>(14 196)</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>43 790</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(2 958)</b>	<b>(8 331)</b>	<b>5 877</b>	<b>(13 627)</b>	<b>(14 196)</b>

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 42 MBRR Table A7 - Budget cash flow statement**

NC067 Khai-Ma - Table A7 Budgeted Cash Flows											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		1 561	4 208	4 726	4 493	3 046	3 046	3 046	4 504	4 271	4 506
Service charges		8 959	12 101	9 160	19 121	14 390	14 390	14 390	13 549	15 057	15 988
Other revenue		1 232	2 611	3 356	275	298	298	298	462	494	521
Government - operating	1	14 385	15 025	19 465	19 193	20 123	20 123	20 123	22 104	23 136	25 134
Government - capital	1	15 571	9 188	12 246	22 325	26 489	26 489	26 489	27 356	8 679	8 824
Interest		183	313	388	200	410	410	410	1 725	1 894	1 998
Dividends		—	—	—	—	—	—	—	—	—	—
Payments											
Suppliers and employees		(30 718)	(37 554)	(36 952)	(41 232)	(35 951)	(35 951)	(35 951)	(43 205)	(65 998)	(66 994)
Finance charges		(563)	(626)	(1 356)	—	(400)	(400)	(400)	—	—	—
Transfers and Grants	1	—	—	—	—	—	—	—	—	—	—
NET CASH FROM/(USED) OPERATING ACTIVITIES		10 610	5 266	11 034	24 375	28 405	28 405	28 405	26 496	(12 467)	(10 022)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current debtors		—	—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivables		—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments		—	—	—	—	—	—	—	—	—	—
Payments											
Capital assets		(17 626)	(4 531)	(5 978)	(22 425)	(26 589)	(26 589)	(26 589)	(27 506)	(8 679)	(8 824)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(17 626)	(4 531)	(5 978)	(22 425)	(26 589)	(26 589)	(26 589)	(27 506)	(8 679)	(8 824)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing		—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits		9	16	24	6	6	6	6	5	7	8
Payments											
Repayment of borrowing		(23)	(11)	(23)	(26)	(26)	(26)	(26)	(29)	—	—
NET CASH FROM/(USED) FINANCING ACTIVITIES		(14)	5	1	(19)	(19)	(19)	(19)	(23)	7	8
NET INCREASE/ (DECREASE) IN CASH HELD		(7 030)	740	5 057	1 931	1 797	1 797	1 797	(1 033)	(21 139)	(18 838)
Cash/cash equivalents at the year begin:	2	7 820	790	1 531	460	460	460	460	2 257	1 223	(19 915)
Cash/cash equivalents at the year end:	2	790	1 531	6 588	2 391	2 257	2 257	2 257	1 223	(19 915)	(38 754)

The above table shows that cash and cash equivalents of the municipality were largely depleted between the 2018/19 and 2020/21.

#### 1.13.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A deficit would indicate the cash-backed accumulated surplus that was/is available.

**Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

NC067 Khai-Ma - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	790	1 531	6 588	2 391	2 257	2 257	2 257	1 223	(19 915)	(38 754)
Other current investments > 90 days		(0)	0	(0)	0	0	0	0	0	0	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		790	1 531	6 588	2 391	2 257	2 257	2 257	1 223	(19 915)	(38 754)
Application of cash and investments											
Unspent conditional transfers		4 008	4 171	6 952	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(7 623)	(18 477)	272	(42 667)	(29 900)	(23 653)	(23 653)	(10 838)	(17 910)	(21 931)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	16	16	16	16	16	16	16
Total Application of cash and investments:		(3 615)	(14 306)	7 225	(42 651)	(29 884)	(23 637)	(23 637)	(10 822)	(17 894)	(21 915)
Surplus(shortfall)		4 405	15 837	(637)	45 042	32 140	25 893	25 893	12 045	(2 022)	(16 839)

From the above table it can be seen that the cash and investments available total is in a surplus of R12 million in the 2018/19 financial year and change to a shortfall of R2 million by 2019/20 and R16.8 Million by 2020/21, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions.

### 1.13.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 44 MBRR SA10 – Funding compliance measurement**

NC067 Khai-Ma Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	790	1 531	6 588	2 391	2 257	2 257	2 257	1 223	(19 915)	(38 754)
Cash + investments at the yr end less applications - R'000	18(1)b	2	4 405	15 837	(637)	45 042	32 140	25 893	25 893	12 045	(2 022)	(16 839)
Cash year end/monthly employee/supplier payments	18(1)b	3	0.3	0.4	1.6	0.5	0.5	0.5	0.5	0.2	(3.8)	(7.0)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	11 154	(7 810)	(4 368)	4 801	8 830	8 830	8 830	6 103	(13 401)	(13 971)
Service charge rev. % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	9.2%	(2.1%)	3.4%	(2.4%)	(6.0%)	(6.0%)	(6.4%)	(0.0%)	0.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	59.5%	85.6%	65.7%	99.8%	70.2%	70.2%	70.2%	73.2%	74.0%	74.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	43.5%	50.0%	46.5%	22.4%	21.6%	21.6%	21.6%	21.9%	21.9%	21.9%
Capital payments % of capital expenditure	18(1)c,19	8	94.0%	77.8%	84.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(27.2%)	15.7%	49.0%	6.1%	55.3%	0.0%	58.7%	0.0%	0.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.9%	0.8%	1.0%	1.2%	2.0%	2.0%	1.4%	1.2%	1.2%	1.3%
Asset renew al % of capital budget	20(1)(vi)	14	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	18.2%	0.0%	0.0%

#### 1.13.5.1 Cash/cash equivalent position

The municipality forecast cash position was discussed as part of the budgeted cash flow statement. A 'negative' cash position, for 2019/20 and 2020/21 year of the MTREF has been discussed and these funds are not cash-backing and do not meet the requirements to the working capital.

#### 1.13.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25.

#### 1.13.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due.

#### Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### 1.13.5.4 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

#### *1.13.5.5 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

#### *1.13.5.6 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

#### *1.13.5.7 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position.

### **Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)**

All longterm laons were redeemed.

#### *1.13.5.8 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for.

#### *1.13.5.9 Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables.

#### *1.13.5.10 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

#### *1.13.5.11 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

## 1.14 Expenditure on grants and reconciliations of unspent funds

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

NC067 Khai-Ma - Supporting Table SA19 Expenditure on transfers and grant programme										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		18 656	21 239	20 062	18 291	18 291	18 291	20 396	22 228	24 226
Local Government Equitable Share		13 821	17 571	15 552	16 391	16 391	16 391	17 420	18 779	20 323
Local Government Financial Management Grant [Schedule 5B]		1 768	1 740	1 825	1 900	1 900	1 900	1 970	2 435	2 867
Municipal Infrastructure Grant [Schedule 5B]		1 160	—	1 895	—	—	—	1 006	1 014	1 036
Municipal Infrastructure Grant [Schedule 5B] (Sport)		—	—	—	—	—	—	—	—	—
Municipal Water Infrastructure Grant [Schedule 5B]		—	—	—	—	—	—	—	—	—
Integrated National Electrification Programme (Municipal)		—	971	—	—	—	—	—	—	—
Science and Technology		—	27	—	—	—	—	—	—	—
Energy Efficiency and Demand Side Management		1 697	—	—	—	—	—	—	—	—
Municipal Systems Improvement Grant [Schedule 5B]		210	930	790	—	—	—	—	—	—
<b>Provincial Government:</b>		1 041	1 035	2 180	867	1 737	1 737	1 708	908	908
Libraries, Archives and Museums - Library Services		785	1 035	1 180	867	867	867	708	908	908
Expanded Public Works Programme Integrated Grant		256	—	1 000	—	870	870	1 000	—	—
<b>District Municipality:</b>		—	—	—	—	—	—	—	—	—
<i>Northern Cape - DC 06 - Namakwa</i>		—	—	—	—	—	—	—	—	—
<b>Other grant providers:</b>		—	68	80	35	95	95	—	—	—
<i>Vedanta Black Mountain</i>		—	68	—	—	—	—	—	—	—
<i>Construction, Education and Training SETA</i>		—	—	80	35	95	95	—	—	—
<b>Total operating expenditure of Transfers and Grants</b>		19 696	22 342	22 322	19 193	20 123	20 123	22 104	23 136	25 134
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		14 905	7 606	13 535	21 325	21 325	21 325	13 356	8 679	8 824
Local Government Financial Management Grant [Schedule 5B]		32	60	—	—	—	—	—	—	—
Municipal Infrastructure Grant [Schedule 5B]		9 161	6 744	13 535	7 825	7 825	7 825	6 706	6 759	6 904
Municipal Infrastructure Grant [Schedule 5B] (Sport)		—	—	—	7 500	7 500	7 500	—	—	—
Municipal Water Infrastructure Grant [Schedule 5B]		—	—	—	5 000	5 000	5 000	5 000	—	—
Integrated National Electrification Programme (Municipal)		798	529	—	1 000	1 000	1 000	1 650	1 920	1 920
Science and Technology		—	274	—	—	—	—	—	—	—
Energy Efficiency and Demand Side Management		1 060	—	—	—	—	—	—	—	—
Accelerated Community Infrastructure Programme		3 793	—	—	—	—	—	—	—	—
Department of Water & Sanitation		—	—	—	—	—	—	—	—	—
Municipal Systems Improvement Grant [Schedule 5B]		61	—	—	—	—	—	—	—	—
<b>Provincial Government:</b>		—	—	—	1 000	6 130	6 130	14 000	—	—
COGHTA		—	—	—	—	6 000	6 000	14 000	—	—
Department Sport Arts and Culture - Library Development		—	—	150	—	—	—	—	—	—
Expanded Public Works Programme Integrated Grant		667	—	—	1 000	130	130	—	—	—
<b>District Municipality:</b>		—	—	—	—	—	—	—	—	—
<i>Northern Cape - DC 06 - Namakwa</i>		—	—	—	—	—	—	—	—	—
<b>Other grant providers:</b>		—	—	—	—	—	—	—	—	—
<i>Vedanta Black Mountain</i>		—	—	—	—	—	—	—	—	—
<i>Construction, Education and Training SETA</i>		—	—	—	—	—	—	—	—	—
<b>Total capital expenditure of Transfers and Grants</b>		14 905	7 606	13 535	22 325	27 455	27 455	27 356	8 679	8 824
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		34 601	29 948	35 857	41 518	47 578	47 578	49 460	31 815	33 958

**Table 46 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

NC067 Khai-Ma - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		6 409	5 421	–	–	–	–	–	–	–
Current year receipts		15 987	16 943	17 377	18 291	18 291	18 291	20 396	22 228	24 226
Conditions met - transferred to revenue		18 656	16 943	17 377	18 291	18 291	18 291	20 396	22 228	24 226
Conditions still to be met - transferred to liabilities		3 740	5 421	–	–	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year		110	(4 577)	346	–	–	–	–	–	–
Current year receipts		1 015	1 035	2 056	867	1 737	1 737	1 708	908	908
Conditions met - transferred to revenue		1 041	1 035	2 649	867	1 737	1 737	1 708	908	908
Conditions still to be met - transferred to liabilities		85	(4 577)	(247)	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		94	490	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		94	490	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		64	64	–	–	–	–	–	–	–
Current year receipts		25	25	33	35	95	95	–	–	–
Conditions met - transferred to revenue		–	68	33	35	95	95	–	–	–
Conditions still to be met - transferred to liabilities		89	21	–	–	–	–	–	–	–
Total operating transfers and grants revenue		19 696	18 046	20 059	19 193	20 123	20 123	22 104	23 136	25 134
Total operating transfers and grants - CTBM	2	4 008	1 355	(247)	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		2 643	–	–	–	–	–	–	–	–
Current year receipts		12 262	4 190	6 586	21 325	20 359	20 359	13 356	8 679	8 824
Conditions met - transferred to revenue		16 949	4 190	6 586	21 325	20 359	20 359	13 356	8 679	8 824
Conditions still to be met - transferred to liabilities		(2 044)	–	–	–	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		667	–	–	1 000	6 130	6 130	14 000	–	–
Conditions met - transferred to revenue		667	–	–	1 000	6 130	6 130	14 000	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Total capital transfers and grants revenue		17 615	4 190	6 586	22 325	26 489	26 489	27 356	8 679	8 824
Total capital transfers and grants - CTBM	2	(2 044)	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		37 312	22 237	26 645	41 518	46 612	46 612	49 460	31 815	33 958
TOTAL TRANSFERS AND GRANTS - CTBM		1 964	1 355	(247)	–	–	–	–	–	–



## 1.15 Councillor and employee benefits

**Table 47 MBRR SA22 - Summary of councillor and staff benefits**

NC067 Khai-Ma - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
	1	A	B	C	D	E	F	G	H	I
<b><u>Councillors (Political Office Bearers plus Other)</u></b>										
Basic Salaries and Wages		1 523	1 414	1 480	1 626	1 763	1 763	1 750	1 862	1 983
Pension and UIF Contributions		–	–	–	292	122	122	315	335	357
Medical Aid Contributions		–	–	–	249	104	104	284	302	322
Motor Vehicle Allowance		439	473	493	188	188	188	201	214	228
Cellphone Allowance		101	154	144	169	311	311	308	328	350
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	97	354	372	372	382	407	433
<b>Sub Total - Councillors</b>		<b>2 063</b>	<b>2 042</b>	<b>2 214</b>	<b>2 878</b>	<b>2 859</b>	<b>2 859</b>	<b>3 241</b>	<b>3 448</b>	<b>3 672</b>
<b>% increase</b>	4		(1.1%)	8.5%	30.0%	(0.7%)	–	13.4%	6.4%	6.5%
<b><u>Senior Managers of the Municipality</u></b>	2									
Basic Salaries and Wages		780	1 559	1 459	3 082	2 038	2 038	3 323	3 536	3 766
Pension and UIF Contributions		199	74	63	92	102	102	103	110	117
Medical Aid Contributions		126	56	46	48	48	48	50	54	57
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		112	141	28	42	42	42	47	50	53
Motor Vehicle Allowance	3	325	308	122	135	135	135	121	129	138
Cellphone Allowance	3	43	–	18	30	27	27	30	32	34
Housing Allowances	3	–	–	–	35	24	24	24	25	27
Other benefits and allowances	3	–	161	28	227	197	197	227	242	258
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
<b>Sub Total - Senior Managers of Municipality</b>		<b>1 585</b>	<b>2 299</b>	<b>1 763</b>	<b>3 691</b>	<b>2 614</b>	<b>2 614</b>	<b>3 926</b>	<b>4 178</b>	<b>4 449</b>
<b>% increase</b>	4		45.1%	(23.3%)	109.3%	(29.2%)	–	50.2%	6.4%	6.5%
<b><u>Other Municipal Staff</u></b>										
Basic Salaries and Wages		6 643	7 034	12 614	14 219	14 622	14 622	15 487	16 478	17 550
Pension and UIF Contributions		1 240	1 264	1 395	2 244	2 149	2 149	2 488	2 647	2 819
Medical Aid Contributions		420	429	230	1 618	927	927	1 564	1 665	1 773
Overtime		737	810	986	1 306	1 613	1 613	1 684	1 792	1 908
Performance Bonus		741	718	721	990	972	972	1 137	1 210	1 288
Motor Vehicle Allowance	3	62	126	181	192	193	193	199	212	225
Cellphone Allowance	3	24	–	274	8	8	8	6	6	6
Housing Allowances	3	4	15	60	56	56	56	58	62	66
Other benefits and allowances	3	1 188	1 351	(28)	397	429	429	492	523	557
Payments in lieu of leave		272	345	660	78	178	178	167	178	190
Long service awards		–	61	66	70	70	70	75	80	85
Post-retirement benefit obligations	6	439	461	249	791	791	791	841	895	953
<b>Sub Total - Other Municipal Staff</b>		<b>11 769</b>	<b>12 614</b>	<b>17 409</b>	<b>21 970</b>	<b>22 008</b>	<b>22 008</b>	<b>24 199</b>	<b>25 747</b>	<b>27 421</b>
<b>% increase</b>	4		7.2%	38.0%	26.2%	0.2%	–	10.0%	6.4%	6.5%
<b>Total Parent Municipality</b>		<b>15 417</b>	<b>16 954</b>	<b>21 386</b>	<b>28 539</b>	<b>27 480</b>	<b>27 480</b>	<b>31 366</b>	<b>33 373</b>	<b>35 542</b>
			10.0%	26.1%	33.4%	(3.7%)	–	14.1%	6.4%	6.5%

**Table 48 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

NC067 Khai-Ma - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4		-	-	-			-
Chief Whip			-	-	-			-
Executive Mayor			-	-	44 070			44 070
Deputy Executive Mayor			-	-	-			-
Executive Committee			603 660	-	201 220			804 880
Total for all other councillors			1 146 210	598 980	646 454			2 391 644
<b>Total Councillors</b>	8	-	1 749 870	598 980	891 744			3 240 594
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			1 082 539	-	239 388	-		1 321 927
Chief Finance Officer			561 120	153 800	128 480	46 760		890 160
Corporate Manager			789 710	-	5 690	-		795 400
Infrastructure Manager			889 740	-	29 220	-		918 960
			-	-	-	-		-
			-	-	-	-		-
List of each official with packages >= senior manager								
			-	-	-	-		-
			-	-	-	-		-
			-	-	-	-		-
			-	-	-	-		-
			-	-	-	-		-
			-	-	-	-		-
			-	-	-	-		-
			-	-	-	-		-
			-	-	-	-		-
			-	-	-	-		-
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**Table 49 MBRR SA24 – Summary of personnel numbers**

NC067 Khai-Ma - Supporting Table SA24 Summary of personnel numbers											
Summary of Personnel Numbers		Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>											
Councillors (Political Office Bearers plus Other Councillors)			-	-	-	-	-	-	7	7	-
Board Members of municipal entities		4	-	-	-	-	-	-	-	-	-
<b>Municipal employees</b>											
Municipal Manager and Senior Managers		5	-	-	-	-	-	-	-	-	-
Other Managers		3	-	-	-	-	-	-	4	4	-
Professionals		7	-	-	-	-	-	-	-	-	-
Finance			-	-	-	-	-	-	6	6	-
Spatial/town planning			-	-	-	-	-	-	2	6	-
Information Technology			-	-	-	-	-	-	-	-	-
Roads			-	-	-	-	-	-	-	-	-
Electricity			-	-	-	-	-	-	-	-	-
Water			-	-	-	-	-	-	-	-	-
Sanitation			-	-	-	-	-	-	-	-	-
Refuse			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	4	-	-
Technicians			-	-	-	-	-	-	1	1	-
Finance			-	-	-	-	-	-	-	-	-
Spatial/town planning			-	-	-	-	-	-	-	-	-
Information Technology			-	-	-	-	-	-	-	-	-
Roads			-	-	-	-	-	-	-	-	-
Electricity			-	-	-	-	-	-	1	1	-
Water			-	-	-	-	-	-	-	-	-
Sanitation			-	-	-	-	-	-	-	-	-
Refuse			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Clerks (Clerical and administrative)			-	-	-	-	-	-	35	35	-
Service and sales workers			-	-	-	-	-	-	-	-	-
Skilled agricultural and fishery workers			-	-	-	-	-	-	-	-	-
Craft and related trades			-	-	-	-	-	-	-	-	-
Plant and Machine Operators			-	-	-	-	-	-	11	11	-
Elementary Occupations			-	-	-	-	-	-	35	35	-
<b>TOTAL PERSONNEL NUMBERS</b>		9	-	-	-	-	-	-	99	99	-
<b>% increase</b>			-	-	-	-	-	-	-	-	-
<b>Total municipal employees headcount</b>		6, 10	-	-	-	-	-	-	99	99	-
Finance personnel headcount		8, 10	-	-	-	-	-	-	14	14	-
Human Resources personnel headcount		8, 10	-	-	-	-	-	-	85	85	-

## 1.16 Monthly targets for revenue, expenditure and cash flow

NC067 Khai-Ma - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)																	
Description		Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>																	
<b>Governance and administration</b>			19 866	476	476	476	476	476	476	476	476	476	476	25 100	27 233	29 540	
Executive and council			17 420	—	—	—	—	—	—	—	—	—	—	17 420	18 779	20 323	
Finance and administration			2 446	476	476	476	476	476	476	476	476	476	476	7 680	8 454	9 217	
Internal audit			—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Community and public safety</b>			935	227	227	227	227	227	227	227	227	227	227	3 433	921	922	
Community and social services			709	1	1	1	1	1	1	1	1	1	1	721	921	922	
Sport and recreation			226	226	226	226	226	226	226	226	226	226	226	2 712	—	—	
Public safety			—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Housing			—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Health			—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Economic and environmental services</b>			25	25	25	25	25	25	25	25	25	25	25	296	312	329	
Planning and development			—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Road transport			25	25	25	25	25	25	25	25	25	25	25	296	312	329	
Environmental protection			—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Trading services</b>			28 274	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	46 133	30 357	31 790	
Energy sources			2 411	761	761	761	761	761	761	761	761	761	761	10 783	11 675	12 341	
Water management			16 645	645	645	645	645	645	645	645	645	645	645	23 742	15 933	16 549	
Waste water management			9 107	107	107	107	107	107	107	107	107	107	107	10 288	1 357	1 432	
Waste management			110	110	110	110	110	110	110	110	110	110	110	1 320	1 391	1 468	
<b>Other</b>			—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Total Revenue - Functional</b>			49 099	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	74 962	58 824	62 581	
<b>Expenditure - Functional</b>																	
<b>Governance and administration</b>			2 272	2 272	2 272	2 272	2 272	2 272	2 272	2 272	2 272	2 272	2 271	27 259	28 189	29 897	
Executive and council			718	718	718	718	718	718	718	718	718	718	718	8 617	9 144	9 716	
Finance and administration			1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 553	18 642	19 045	20 181	
Internal audit			—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Community and public safety</b>			233	233	233	233	233	233	233	233	233	233	233	2 797	2 953	3 120	
Community and social services			179	179	179	179	179	179	179	179	179	179	179	2 154	2 285	2 426	
Sport and recreation			54	54	54	54	54	54	54	54	54	54	54	644	668	694	
Public safety			—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Housing			—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Health			—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Economic and environmental services</b>			337	337	337	337	337	337	337	337	337	337	337	4 049	4 248	4 462	
Planning and development			138	138	138	138	138	138	138	138	138	138	138	1 660	1 764	1 876	
Road transport			199	199	199	199	199	199	199	199	199	199	199	2 389	2 484	2 586	
Environmental protection			—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Trading services</b>			2 915	2 915	2 915	2 915	2 915	2 915	2 915	2 915	2 915	2 915	2 915	34 979	37 061	39 299	
Energy sources			1 102	1 102	1 102	1 102	1 102	1 102	1 102	1 102	1 102	1 102	1 102	13 226	14 119	15 078	
Water management			1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	13 303	14 020	14 791	
Waste water management			349	349	349	349	349	349	349	349	349	349	349	4 186	4 427	4 686	
Waste management			355	355	355	355	355	355	355	355	355	355	355	4 264	4 495	4 744	
<b>Other</b>			—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Total Expenditure - Functional</b>			5 757	5 757	5 757	5 757	5 757	5 757	5 757	5 757	5 757	5 757	5 757	69 085	72 451	76 777	
<b>Surplus/(Deficit) before assoc.</b>			43 342	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	5 877	(13 627)	(14 196)	
Share of surplus/ (deficit) of associate			—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Surplus/(Deficit)</b>		1	43 342	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	5 877	(13 627)	(14 196)	

**Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure**

NC067 Khai-Ma - Supporting Table SA25 Budgeted monthly revenue and expenditure																	
Description		Ref	Budget Year 2017/18											Medium Term Revenue and Expenditure Framework			
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source																	
Property rates			375	375	375	375	375	375	375	375	375	375	375	375	4 500	4 757	5 023
Service charges - electricity revenue			725	725	725	725	725	725	725	725	725	725	725	725	8 694	9 190	9 704
Service charges - w ater revenue			520	520	520	520	520	520	520	520	520	520	520	520	6 235	6 591	6 960
Service charges - sanitation revenue			106	106	106	106	106	106	106	106	106	106	106	106	1 274	1 347	1 422
Service charges - refuse revenue			115	115	115	115	115	115	115	115	115	115	115	115	1 378	1 457	1 538
Service charges - other			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment			13	13	13	13	13	13	13	13	13	13	13	13	157	166	175
Interest earned - external investments			17	17	17	17	17	17	17	17	17	17	17	17	200	211	223
Interest earned - outstanding debtors			118	118	118	118	118	118	118	118	118	118	118	118	1 414	1 495	1 578
Dividends received			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits			3	3	3	3	3	3	3	3	3	3	3	3	40	42	45
Licences and permits			4	4	4	4	4	4	4	4	4	4	4	4	52	55	58
Agency services			14	14	14	14	14	14	14	14	14	14	14	14	170	180	190
Transfers and subsidies			19 158	35	—	—	—	—	—	—	—	—	—	—	19 193	20 433	22 513
Other revenue			2	2	2	2	2	2	2	2	2	2	2	2	21	22	23
Gains on disposal of PPE			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)			21 169	2 046	2 011	2 011	2 011	2 011	2 011	2 011	2 011	2 011	2 011	2 011	43 329	45 944	49 453
Expenditure By Type																	
Employee related costs			2 138	2 138	2 138	2 138	2 138	2 138	2 138	2 138	2 138	2 138	2 138	2 138	25 661	27 198	28 877
Remuneration of councillors			240	240	240	240	240	240	240	240	240	240	240	240	2 878	3 065	3 262
Debt impairment			413	413	413	413	413	413	413	413	413	413	413	413	4 950	5 208	5 476
Depreciation & asset impairment			251	251	251	251	251	251	251	251	251	251	251	251	3 011	3 183	3 361
Finance charges			87	87	87	87	87	87	87	87	87	87	87	87	1 045	1 101	1 161
Bulk purchases			905	905	905	905	905	905	905	905	905	905	905	905	10 863	11 459	12 077
Other materials			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contracted services			306	306	306	306	306	306	306	306	306	306	306	306	3 677	2 923	3 059
Transfers and subsidies			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure			747	747	747	747	747	747	747	747	747	747	747	747	8 958	9 430	9 960
Loss on disposal of PPE			3	3	3	3	3	3	3	3	3	3	3	3	35	37	39
Total Expenditure			5 090	5 090	5 090	5 090	5 090	5 090	5 090	5 090	5 090	5 090	5 090	5 090	61 079	63 605	67 272
Surplus/(Deficit)			16 079	(3 044)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(17 750)	(17 660)	(17 819)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			22 325	—	—	—	—	—	—	—	—	—	—	—	22 325	10 000	9 185
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-kind - all)			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions			38 404	(3 044)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	4 575	(7 660)	(8 634)
Taxation			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)		1	38 404	(3 044)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	(3 079)	4 575	(7 660)	(8 634)

Table 51 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC067 Khai-Ma - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)																
Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																
<b>Revenue by Vote</b>																
Vote 1 - Municipal Manager		17 420	–	–	–	–	–	–	–	–	–	–	–	17 420	18 779	20 323
Vote 2 - Finance		2 453	483	483	483	483	483	483	483	483	483	483	483	7 769	8 547	9 315
Vote 3 - Corporate Services		726	18	18	18	18	18	18	18	18	18	18	18	928	1 140	1 153
Vote 4 - Infrastructure Development		28 500	1 850	1 850	1 850	1 850	1 850	1 850	1 850	1 850	1 850	1 850	1 850	48 845	30 357	31 790
Vote 5 - Economic Development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Revenue by Vote</b>		<b>49 099</b>	<b>2 351</b>	<b>2 351</b>	<b>2 351</b>	<b>2 351</b>	<b>2 351</b>	<b>2 351</b>	<b>2 351</b>	<b>2 351</b>	<b>2 351</b>	<b>2 351</b>	<b>2 351</b>	<b>74 962</b>	<b>58 824</b>	<b>62 581</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Municipal Manager		718	718	718	718	718	718	718	718	718	718	718	718	8 617	9 144	9 716
Vote 2 - Finance		698	698	698	698	698	698	698	698	698	698	698	697	8 370	8 183	8 682
Vote 3 - Corporate Services		1 074	1 074	1 074	1 074	1 074	1 074	1 074	1 074	1 074	1 074	1 074	1 074	12 894	13 649	14 465
Vote 4 - Infrastructure Development		3 129	3 129	3 129	3 129	3 129	3 129	3 129	3 129	3 129	3 129	3 129	3 129	37 544	39 710	42 038
Vote 5 - Economic Development		138	138	138	138	138	138	138	138	138	138	138	138	1 660	1 764	1 876
<b>Total Expenditure by Vote</b>		<b>5 757</b>	<b>5 757</b>	<b>5 757</b>	<b>5 757</b>	<b>5 757</b>	<b>5 757</b>	<b>5 757</b>	<b>5 757</b>	<b>5 757</b>	<b>5 757</b>	<b>5 757</b>	<b>5 757</b>	<b>69 085</b>	<b>72 451</b>	<b>76 777</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>43 342</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>5 877</b>	<b>(13 627)</b>	<b>(14 196)</b>
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>43 342</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>(3 406)</b>	<b>5 877</b>	<b>(13 627)</b>	<b>(14 196)</b>

**Table 52 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

NC067 Khai-Ma - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)																
Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>																
<i>Governance and administration</i>		19 866	476	476	476	476	476	476	476	476	476	476	476	25 100	27 233	29 540
Executive and council		17 420	—	—	—	—	—	—	—	—	—	—	—	17 420	18 779	20 323
Finance and administration		2 446	476	476	476	476	476	476	476	476	476	476	476	7 680	8 454	9 217
Internal audit		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		935	227	227	227	227	227	227	227	227	227	227	227	3 433	921	922
Community and social services		709	1	1	1	1	1	1	1	1	1	1	1	721	921	922
Sport and recreation		226	226	226	226	226	226	226	226	226	226	226	226	2 712	—	—
Public safety		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		25	25	25	25	25	25	25	25	25	25	25	25	296	312	329
Planning and development		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Road transport		25	25	25	25	25	25	25	25	25	25	25	25	296	312	329
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Trading services</i>		28 274	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	46 133	30 357	31 790
Energy sources		2 411	761	761	761	761	761	761	761	761	761	761	761	10 783	11 675	12 341
Water management		16 645	645	645	645	645	645	645	645	645	645	645	645	23 742	15 933	16 549
Waste water management		9 107	107	107	107	107	107	107	107	107	107	107	107	10 288	1 357	1 432
Waste management		110	110	110	110	110	110	110	110	110	110	110	110	1 320	1 391	1 468
<i>Other</i>		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Revenue - Functional</b>		49 099	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	74 962	58 824	62 581
<b>Expenditure - Functional</b>																
<i>Governance and administration</i>		2 272	2 272	2 272	2 272	2 272	2 272	2 272	2 272	2 272	2 272	2 272	2 271	27 259	28 189	29 897
Executive and council		718	718	718	718	718	718	718	718	718	718	718	718	8 617	9 144	9 716
Finance and administration		1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 553	18 642	19 045	20 181
Internal audit		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		233	233	233	233	233	233	233	233	233	233	233	233	2 797	2 953	3 120
Community and social services		179	179	179	179	179	179	179	179	179	179	179	179	2 154	2 285	2 426
Sport and recreation		54	54	54	54	54	54	54	54	54	54	54	54	644	668	694
Public safety		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		337	337	337	337	337	337	337	337	337	337	337	337	4 049	4 248	4 462
Planning and development		138	138	138	138	138	138	138	138	138	138	138	138	1 660	1 764	1 876
Road transport		199	199	199	199	199	199	199	199	199	199	199	199	2 389	2 484	2 586
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Trading services</i>		2 915	2 915	2 915	2 915	2 915	2 915	2 915	2 915	2 915	2 915	2 915	2 915	34 979	37 061	39 299
Energy sources		1 102	1 102	1 102	1 102	1 102	1 102	1 102	1 102	1 102	1 102	1 102	1 102	13 226	14 119	15 078
Water management		1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	13 303	14 020	14 791
Waste water management		349	349	349	349	349	349	349	349	349	349	349	349	4 186	4 427	4 686
Waste management		355	355	355	355	355	355	355	355	355	355	355	355	4 264	4 495	4 744
<i>Other</i>		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Expenditure - Functional</b>		5 757	5 757	5 757	5 757	5 757	5 757	5 757	5 757	5 757	5 757	5 757	5 757	69 085	72 451	76 777
<b>Surplus/(Deficit) before assoc.</b>		43 342	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	5 877	(13 627)	(14 196)
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit)</b>	1	43 342	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	(3 406)	5 877	(13 627)	(14 196)

**Table 53 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

NC067 Khai-Ma - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																
Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>																
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	150	150	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		500	500	500	500	500	500	500	500	500	500	500	21 858	27 356	8 679	8 824
Vote 5 - Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	2	500	500	500	500	500	500	500	500	500	500	500	22 008	27 506	8 679	8 824
<b>Total Capital Expenditure</b>	2	500	500	500	500	500	500	500	500	500	500	500	22 008	27 506	8 679	8 824



**Table 54 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

NC067 Khai-Ma - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)																
Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>																
<b>Capital Expenditure - Functional</b>	1															
<i>Governance and administration</i>		13	13	13	13	13	13	13	13	13	13	13	13	150	-	-
Executive and council		13	13	13	13	13	13	13	13	13	13	13	13	150	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		197	197	197	197	197	197	197	197	197	197	197	197	2 358	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		197	197	197	197	197	197	197	197	197	197	197	197	2 358	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		3 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	24 998	8 679	8 824
Energy sources		138	138	138	138	138	138	138	138	138	138	138	138	1 650	1 920	1 920
Water management		2 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	14 348	6 759	6 904
Waste water management		750	750	750	750	750	750	750	750	750	750	750	750	9 000	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	2	3 209	2 209	2 209	2 209	2 209	2 209	2 209	2 209	2 209	2 209	2 209	2 209	27 506	8 679	8 824
<b>Funded by:</b>																
National Government		2 446	1 446	1 446	1 446	1 446	1 446	1 446	1 446	1 446	1 446	1 446	1 446	18 356	8 679	8 824
Provincial Government		750	750	750	750	750	750	750	750	750	750	750	750	9 000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		3 196	2 196	2 196	2 196	2 196	2 196	2 196	2 196	2 196	2 196	2 196	2 196	27 356	8 679	8 824
<b>Public contributions &amp; donations</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		13	13	13	13	13	13	13	13	13	13	13	13	150	-	-
<b>Total Capital Funding</b>		3 209	2 209	2 209	2 209	2 209	2 209	2 209	2 209	2 209	2 209	2 209	2 209	27 506	8 679	8 824

**Table 55 MBRR SA30 - Budgeted monthly cash flow**

NC067 Khai-Ma - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>															
<b>Cash Receipts By Source</b>													1		
Property rates	375	375	375	375	375	375	375	375	375	375	375	375	4 504	4 271	4 506
Service charges - electricity revenue	574	574	574	574	574	574	574	574	574	574	574	574	6 888	7 706	8 233
Service charges - water revenue	419	419	419	419	419	419	419	419	419	419	419	419	5 031	5 552	5 857
Service charges - sanitation revenue	66	66	66	66	66	66	66	66	66	66	66	66	797	880	928
Service charges - refuse revenue	69	69	69	69	69	69	69	69	69	69	69	69	833	920	970
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	12	12	12	12	12	12	12	12	12	12	12	12	143	157	166
Interest earned - external investments	17	17	17	17	17	17	17	17	17	17	17	17	200	211	222
Interest earned - outstanding debtors	127	127	127	127	127	127	127	127	127	127	127	127	1 525	1 683	1 776
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	4	4	4	4	4	4	4	4	4	4	4	4	42	44	47
Licences and permits	6	6	6	6	6	6	6	6	6	6	6	6	72	76	80
Agency services	15	15	15	15	15	15	15	15	15	15	15	15	179	189	199
Transfer receipts - operational	22 104	-	-	-	-	-	-	-	-	-	-	-	22 104	23 136	25 134
Other revenue	-	-	-	-	-	-	-	-	-	-	-	27	27	28	30
<b>Cash Receipts by Source</b>	<b>23 788</b>	<b>1 685</b>	<b>1 685</b>	<b>1 685</b>	<b>1 685</b>	<b>1 685</b>	<b>1 685</b>	<b>1 685</b>	<b>1 685</b>	<b>1 685</b>	<b>1 685</b>	<b>1 711</b>	<b>42 345</b>	<b>44 852</b>	<b>48 148</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	24 870	226	226	226	226	226	226	226	226	226	226	226	27 356	8 679	8 824
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	5	5	7	8
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>48 659</b>	<b>1 911</b>	<b>1 911</b>	<b>1 911</b>	<b>1 911</b>	<b>1 911</b>	<b>1 911</b>	<b>1 911</b>	<b>1 911</b>	<b>1 911</b>	<b>1 911</b>	<b>1 942</b>	<b>69 706</b>	<b>53 539</b>	<b>56 980</b>
<b>Cash Payments by Type</b>															
Employee related costs	2 188	2 188	2 188	2 188	2 188	2 188	2 188	2 188	2 188	2 188	2 188	2 187	26 251	40 788	41 522
Remuneration of councillors	252	252	252	252	252	252	252	252	252	252	252	252	3 025	4 700	4 784
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	410	410	410	410	410	410	410	410	410	410	410	410	4 920	7 573	7 637
Contracted services	331	331	331	331	331	331	331	331	331	331	331	331	3 969	5 175	5 218
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	-	-	-	-	-	-	-	-	-	5 040	5 040	7 762	7 833
<b>Cash Payments by Type</b>	<b>3 180</b>	<b>3 180</b>	<b>3 180</b>	<b>3 180</b>	<b>3 180</b>	<b>3 180</b>	<b>3 180</b>	<b>3 180</b>	<b>3 180</b>	<b>3 180</b>	<b>3 180</b>	<b>8 220</b>	<b>43 205</b>	<b>65 998</b>	<b>66 994</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	500	500	500	500	500	500	500	500	500	500	500	22 008	27 506	8 679	8 824
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	29	29	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>3 680</b>	<b>3 680</b>	<b>3 680</b>	<b>3 680</b>	<b>3 680</b>	<b>3 680</b>	<b>3 680</b>	<b>3 680</b>	<b>3 680</b>	<b>3 680</b>	<b>3 680</b>	<b>30 257</b>	<b>70 739</b>	<b>74 677</b>	<b>75 818</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>44 978</b>	<b>(1 770)</b>	<b>(1 770)</b>	<b>(1 770)</b>	<b>(1 770)</b>	<b>(1 770)</b>	<b>(1 770)</b>	<b>(1 770)</b>	<b>(1 770)</b>	<b>(1 770)</b>	<b>(1 770)</b>	<b>(28 315)</b>	<b>(1 033)</b>	<b>(21 139)</b>	<b>(18 838)</b>
Cash/cash equivalents at the month/year begin:	2 257	47 235	45 465	43 696	41 926	40 156	38 386	36 617	34 847	33 077	31 308	29 538	2 257	1 223	(19 915)
Cash/cash equivalents at the month/year end:	47 235	45 465	43 696	41 926	40 156	38 386	36 617	34 847	33 077	31 308	29 538	1 223	1 223	(19 915)	(38 754)

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## 1.17 Annual budgets and SDBIPs – internal departments

### 1.17.1 Water Services Department –

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

**Table 56 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure**

NC067 Khai-Ma - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>										
Water management		7 041	8 525	10 976	20 160	26 486	26 486	23 742	15 933	16 549
<b>Expenditure - Functional</b>										
Water management		7 894	12 700	8 971	10 808	12 598	12 598	13 303	14 020	14 791
<b>Surplus/(Deficit) for the year</b>		(853)	(4 176)	2 006	9 353	13 888	13 888	10 439	1 913	1 758

**Table 12 Water Services Department – Performance objectives and indicators**

The Infrastructure Manager is currently not appointed. The reduction of distribution losses is considered a priority and hence the departmental objectives and targets. In relation to this target, past performance has been irregular with a total distribution loss of 25,46 per cent in 2016/17,

**Note: Municipalities would be required to undertake the aforementioned for each department/vote within the municipality.**

## **1.18 Contracts having future budgetary implications**

In terms of the municipalities Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **1.19 Capital expenditure details**

The following three tables present details of the municipalities capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

### **Table 57 Water Service Department – Performance objectives and Indicators**

**Table 58 MBRR SA 34a - Capital expenditure on new assets by asset class:**

NC067 Khai-Ma - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		14 485	5 691	6 617	1 000	1 000	1 000	1 650	1 920	1 920
Roads Infrastructure		9 349	3 549	4 426	-	-	-	-	-	-
Roads		9 349	3 549	4 426	-	-	-	-	-	-
Electrical Infrastructure		1 636	529	-	1 000	1 000	1 000	1 650	1 920	1 920
LV Networks		1 636	529	-	1 000	1 000	1 000	1 650	1 920	1 920
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		545	48	1 184	-	-	-	-	-	-
Bulk Mains		545	48	-	-	-	-	-	-	-
Distribution		-	-	1 184	-	-	-	-	-	-
Sanitation Infrastructure		2 103	-	-	-	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		2 103	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		852	1 565	1 007	-	-	-	-	-	-
Landfill Sites		852	1 565	1 007	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		1 074	-	160	7 500	6 534	6 534	2 358	-	-
Community Facilities		1 074	-	-	-	-	-	-	-	-
Halls		482	-	-	-	-	-	-	-	-
Parks		592	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	160	7 500	6 534	6 534	2 358	-	-
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		-	-	160	7 500	6 534	6 534	2 358	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		6	19	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		6	19	-	-	-	-	-	-	-
Computer Software and Applications		6	19	-	-	-	-	-	-	-
Load Settlement Software Applications		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	116	100	100	100	150	-	-
Computer Equipment		-	-	116	100	100	100	150	-	-
<b>Furniture and Office Equipment</b>		213	72	123	-	-	-	-	-	-
Furniture and Office Equipment		213	72	123	-	-	-	-	-	-
<b>Machinery and Equipment</b>		168	6	8	-	-	-	-	-	-
Machinery and Equipment		168	6	8	-	-	-	-	-	-
<b>Transport Assets</b>		2 804	-	28	-	-	-	-	-	-
Transport Assets		2 804	-	28	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	<b>1</b>	<b>18 750</b>	<b>5 787</b>	<b>7 052</b>	<b>8 600</b>	<b>7 634</b>	<b>7 634</b>	<b>4 158</b>	<b>1 920</b>	<b>1 920</b>

**Table 59 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

**Table 60 MBRR SA34c - Repairs and maintenance expenditure by asset class**

NC067 Khai-Ma - Table A9 Asset Management										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Repairs and Maintenance by Asset Class</b>	3	943	930	1 127	1 591	2 716	2 716	1 951	2 056	2 169
<i>Roads Infrastructure</i>		15	27	21	50	920	920	53	56	59
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		67	100	79	150	250	250	272	286	302
<i>Water Supply Infrastructure</i>		239	238	206	450	500	500	526	555	585
<i>Sanitation Infrastructure</i>		28	16	19	50	50	50	53	56	59
<i>Solid Waste Infrastructure</i>		29	46	49	50	50	50	53	56	59
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>380</b>	<b>426</b>	<b>374</b>	<b>750</b>	<b>1 770</b>	<b>1 770</b>	<b>956</b>	<b>1 008</b>	<b>1 063</b>
Community Facilities		48	70	-	95	95	95	100	105	111
Sport and Recreation Facilities		-	-	9	30	30	30	32	33	35
<b>Community Assets</b>		<b>48</b>	<b>70</b>	<b>9</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>132</b>	<b>139</b>	<b>146</b>
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	92	100	100	100	106	112	118
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	<b>92</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>106</b>	<b>112</b>	<b>118</b>
Operational Buildings		-	25	89	50	50	50	53	56	59
Housing		12	16	4	10	10	10	11	11	12
<b>Other Assets</b>		<b>12</b>	<b>42</b>	<b>93</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>63</b>	<b>67</b>	<b>70</b>
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	123	150	300	300	316	333	351
Furniture and Office Equipment		127	125	7	43	43	43	45	48	50
Machinery and Equipment		9	267	-	7	12	12	16	16	17
Transport Assets		367	-	428	356	306	306	317	335	353
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>3 468</b>	<b>7 181</b>	<b>4 636</b>	<b>4 603</b>	<b>5 728</b>	<b>5 728</b>	<b>4 959</b>	<b>5 064</b>	<b>5 177</b>

**Table 61 MBRR SA35 - Future financial implications of the capital budget**

**Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)**

NC067 Khai-Ma - Supporting Table SA36 Detailed capital budget																
R thousand												Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Parent municipality: List all capital projects grouped by Municipal Vote																
Mayor and Council	Non-infrastructure>New>Computer Equipment	00062	New	09-Responsive, accountable, effective and efficient local government	04-Governance	Good Governance	Computer Equipment		Administrative or Head Office					150	-	-
Recreational Facilities	Non-infrastructure>New>Community Assets>Sport and Recreation	00063	New	09-Responsive, accountable, effective and efficient local government	04-Governance	Embracing our Cultural Diversity	Sport and Recreation Facilities	Outdoor Facilities	Ward 1					786	-	-
Recreational Facilities	Non-infrastructure>New>Community Assets>Sport and Recreation	00064	New	09-Responsive, accountable, effective and efficient local government	04-Governance	Embracing our Cultural Diversity	Sport and Recreation Facilities	Outdoor Facilities	Ward 2					786	-	-
Recreational Facilities	Non-infrastructure>New>Community Assets>Sport and Recreation	00065	New	09-Responsive, accountable, effective and efficient local government	04-Governance	Embracing our Cultural Diversity	Sport and Recreation Facilities	Outdoor Facilities	Ward 3					786	-	-
Sewerage	Infrastructure>Existing>Renewal>Sanitation Infrastructure>Reticulation	00070	Renewal	09-Responsive, accountable, effective and efficient local government	04-Governance	Quality Living Environment	Sanitation Infrastructure	Reticulation	Ward 4					5 000	-	-
Sewerage	Infrastructure>Existing>Upgrading>Sanitation Infrastructure>Pump Station	00072	Upgrading	09-Responsive, accountable, effective and efficient local government	04-Governance	Quality Living Environment	Sanitation Infrastructure	Pump Station	Ward 4					4 000	-	-
Water Distribution	Infrastructure>Existing>Upgrading>Water Supply Infrastructure>Bulk Mains	00067	Upgrading	09-Responsive, accountable, effective and efficient local government	04-Governance	Quality Living Environment	Water Supply Infrastructure	Bulk Mains	Ward 4					4 348	6 759	6 904
Water Distribution	Infrastructure>Existing>Upgrading>Water Supply Infrastructure>Reservoirs	00073	Upgrading	09-Responsive, accountable, effective and efficient local government	04-Governance	Quality Living Environment	Water Supply Infrastructure	Reservoirs	Ward 4					9 000	-	-
Water Distribution	Infrastructure>Existing>Upgrading>Water Supply Infrastructure>Pump Station	00074	Upgrading	09-Responsive, accountable, effective and efficient local government	04-Governance	Quality Living Environment	Water Supply Infrastructure	Pump Station	Ward 3					1 000	-	-
Electricity	Infrastructure>New>Electrical Infrastructure>LV Networks	00069	New	09-Responsive, accountable, effective and efficient local government	04-Governance	Quality Living Environment	Electrical Infrastructure	LV Networks	Ward 1					1 650	1 920	1 920
Parent Capital expenditure													-	27 506	8 679	8 824



**Table 63 MBRR SA37 - Projects delayed from previous financial year**

Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	2018/19 Medium Term Revenue & Expenditure Framework		
							Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
New	09-Responsive, accountable, effective and efficient local government	04-Governance	Embracing our Cultural Diversity	Sport and Recreation Facilities	Outdoor Facilities	Ward 1	786	–	–
New	09-Responsive, accountable, effective and efficient local government	04-Governance	Embracing our Cultural Diversity	Sport and Recreation Facilities	Outdoor Facilities	Ward 2	786	–	–
New	09-Responsive, accountable, effective and efficient local government	04-Governance	Embracing our Cultural Diversity	Sport and Recreation Facilities	Outdoor Facilities	Ward 3	786	–	–
Upgrading	09-Responsive, accountable, effective and efficient local government	04-Governance	Quality Living Environment	Water Supply Infrastructure	Bulk Mains	Ward 4	4 348	6 759	6 904
							5 920	6 759	6 904

## 2.3 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance of the municipality.
2. Internship programme  
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
The Namakwa District Municipality established a Audit Committee. This committee is established to service three municipalities in the Namakwa region.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a stage and will be finalised after approval of the 2018/19 MTREF in April 2018 directly aligned and informed by the 2018/19 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the municipality training is ongoing.
8. Policies  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 1197 of 28 May 2008. The ratios as prescribed in the Regulations have been complied with.

## **2.14 Other supporting documents**

### **Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance**

NC067 Khai-Ma - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		13 043	13 931	15 673	16 867	16 738	16 738	16 738	18 114	19 092	20 142
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		10 042	10 727	11 595	12 367	12 379	12 379	12 379	13 048	13 753	14 509
Net Property Rates		3 000	3 204	4 078	4 500	4 359	4 359	4 359	5 066	5 339	5 633
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		6 668	7 609	7 788	15 861	16 581	16 581	16 581	16 688	17 863	19 122
less Revenue Foregone (in excess of 50 kwh per indigent household per month)		430	469	538	558	568	568	568	580	620	662
less Cost of Free Basis Services (50 kwh per indigent household per month)		—	—	—	6 609	6 609	6 609	6 609	7 092	7 612	8 169
Net Service charges - electricity revenue		6 238	7 139	7 250	8 694	9 404	9 404	9 404	9 016	9 632	10 291
Service charges - water revenue	6										
Total Service charges - water revenue		8 734	10 344	10 346	18 084	18 409	18 409	18 409	19 126	20 158	21 267
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)		2 823	3 242	3 499	4 462	4 462	4 462	4 462	4 763	5 020	5 297
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		—	—	—	7 387	7 387	7 387	7 387	7 778	8 198	8 649
Net Service charges - water revenue		5 910	7 103	6 847	6 235	6 561	6 561	6 561	6 584	6 940	7 321
Service charges - sanitation revenue	6										
Total Service charges - sanitation revenue		2 662	3 046	3 161	5 589	5 599	5 599	5 599	5 816	6 130	6 467
less Revenue Foregone (in excess of free sanitation service to indigent households)		1 723	1 924	2 108	2 363	2 363	2 363	2 363	2 717	2 864	3 021
less Cost of Free Basis Services (free sanitation service to indigent households)		—	—	—	1 953	1 953	1 953	1 953	2 056	2 167	2 286
Net Service charges - sanitation revenue		939	1 122	1 053	1 274	1 284	1 284	1 284	1 043	1 100	1 160
Service charges - refuse revenue	6										
Total refuse removal revenue		2 563	2 870	3 175	6 973	6 868	6 868	6 868	7 039	7 419	7 827
Total landfill revenue		—	—	—	—	—	—	—	—	—	—
less Revenue Foregone (in excess of one removal a week to indigent households)		1 783	2 006	2 223	2 484	2 484	2 484	2 484	2 673	2 818	2 973
less Cost of Free Basis Services (removed once a week to indigent households)		—	—	—	3 110	3 110	3 110	3 110	3 275	3 452	3 642
Net Service charges - refuse revenue		780	864	953	1 378	1 273	1 273	1 273	1 091	1 150	1 213
Other Revenue by source	1										
Fuel Levy		—	—	—	—	—	—	—	—	—	—
Operational Revenue		1 521	631	3 025	15	15	15	15	16	17	18
Sales of Goods and Rendering of Services		—	39	71	5	12	12	12	10	11	12
Surcharges		—	15	18	—	—	—	—	—	—	—
Total 'Other' Revenue		1 521	684	3 113	21	28	28	28	27	28	30
EXPENDITURE ITEMS:											
Employee related costs	2										
Basic Salaries and Wages		8 471	10 467	14 073	17 302	16 660	16 660	16 660	18 810	20 014	21 315
Pension and UIF Contributions		1 059	1 099	1 458	2 336	2 250	2 250	2 250	2 591	2 757	2 936
Medical Aid Contributions		260	220	276	1 666	974	974	974	1 615	1 718	1 830
Overtime		574	682	986	1 306	1 613	1 613	1 613	1 684	1 792	1 908
Performance Bonus		542	544	748	1 032	1 013	1 013	1 013	1 184	1 259	1 341
Motor Vehicle Allowance		231	299	303	327	328	328	328	320	341	363
Cellphone Allowance		—	237	292	39	36	36	36	36	38	41
Housing Allowances		15	19	60	90	80	80	80	82	87	93
Other benefits and allowances		148	—	—	624	626	626	626	719	765	815
Payments in lieu of leave		172	401	660	78	178	178	178	167	178	190
Long service awards		55	61	66	76	76	76	76	82	87	92
Post-retirement benefit obligations		241	389	249	785	785	785	785	834	888	945
sub-total	5	11 769	14 420	19 172	25 661	24 622	24 622	24 622	28 125	29 925	31 870
Less: Employees costs capitalised to PPE		—	—	—	—	—	—	—	—	—	—
Total Employee related costs	1	11 769	14 420	19 172	25 661	24 622	24 622	24 622	28 125	29 925	31 870
Contributions recognised - capital											
List contributions by contract		—	—	—	—	—	—	—	—	—	—
Total Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—
Depreciation & asset impairment	10										
Depreciation of Property, Plant & Equipment		2 524	6 251	3 392	2 986	2 986	2 986	2 986	2 997	2 997	2 997
Lease amortisation		1	—	—	—	—	—	—	—	—	—
Capital asset impairment		—	—	118	25	25	25	25	11	11	11
Depreciation resulting from revaluation of PPE		—	—	—	—	—	—	—	—	—	—
Total Depreciation & asset impairment	1	2 525	6 251	3 510	3 011	3 011	3 011	3 011	3 008	3 008	3 008
Bulk purchases	1										
Electricity Bulk Purchases		6 701	7 441	7 100	7 610	7 840	7 840	7 840	8 158	8 755	9 396
Water Bulk Purchases		2 298	2 888	3 608	3 253	4 453	4 453	4 453	5 100	5 376	5 671
Total bulk purchases		8 999	10 329	10 708	10 863	12 293	12 293	12 293	13 258	14 131	15 068
Transfers and grants	1										
Cash transfers and grants		—	—	—	—	—	—	—	—	—	—
Non-cash transfers and grants		359	—	—	—	—	—	—	—	—	—
Total transfers and grants	1	359	—	—	—	—	—	—	—	—	—
Contracted services	1										
Consultants and Professional Services		—	729	1 287	1 027	1 364	1 364	1 364	1 658	1 062	1 121
Contractors		279	2 068	1 020	1 368	1 172	1 172	1 172	1 242	1 309	1 381
Outsourced Services		—	297	368	1 282	1 784	1 784	1 784	1 352	1 425	1 503
sub-total	1	279	3 094	2 675	3 677	4 320	4 320	4 320	4 252	3 797	4 005
Allocations to organs of state:											
Electricity		—	—	—	—	—	—	—	—	—	—
Water		—	—	—	—	—	—	—	—	—	—
Sanitation		—	—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—	—
Total contracted services		279	3 094	2 675	3 677	4 320	4 320	4 320	4 252	3 797	4 005
Other Expenditure By Type	3										
Collection costs		—	—	—	—	—	—	—	—	—	—
Contributions to 'other' provisions		—	—	—	—	—	—	—	—	—	—
Consultant fees		—	—	—	—	—	—	—	—	—	—
Audit fees		1 222	1 951	2 128	1 610	1 610	1 610	1 610	1 832	1 931	2 037
General expenses		8 305	—	—	281	314	314	314	336	355	377
Departmental Recoveries/Vehicles		—	—	—	(1 838)	(1 838)	(1 838)	(1 838)	(1 935)	(2 040)	(2 152)
Printing, Publications and Books		—	—	—	49	56	56	56	67	61	64
Entertainment		—	24	26	33	28	28	28	39	41	43
Insurance		—	326	246	238	238	238	238	268	283	298
Skills Development Fund Levy		—	126	146	194	215	215	215	213	227	242
Ward Committees		—	116	146	240	150	150	150	240	253	267
Advertising, Publicity and Marketing		—	50	17	56	91	91	91	86	90	96
Travel and Subsistence		—	1 272	832	1 256	1 358	1 358	1 358	1 607	1 694	1 787
Registration Fees		—	—	—	—	—	—	—	—	—	—
Communication		—	348	355	417	488	488	488	510	537	567
Inventory Consumed		—	781	853	—	—	—	—	—	—	—
Bank Charges		—	175	224	215	265	265	265	265	279	295
Professional Bodies, Membership and Subscription		—	530	537	531	536	536	536	551	581	613
Wet Fuel		—	579	504	1 150	690	690	690	720	759	801
Licences		—	—	—	50	105	105	105	115	121	128
Levies Paid		—	—	—	60	110	110	110	116	122	129
Commission		—	368	385	363	363	363	363	380	401	423
Uniform and Protective Clothing		—	37	60	—	—	—	—	—	—	—
Workmen's Compensation Fund		—	77	121	—	—	—	—	—	—	—
Total 'Other' Expenditure	1	9 527	6 759	6 579	4 905	4 779	4 779	4 779	5 400	5 695	6 012
Repairs and Maintenance	8										
Employee related costs		—	—	—	—	—	—	—	—	—	—
Other materials		60	63	430	568	938	938	938	596	629	663
Contracted Services		883	867	679	1 023	1 779	1 779	1 779	1 354	1 428	1 506
Other Expenditure		—	—	17	—	—	—	—	—	—	—
Total Repairs and Maintenance Expenditure	9	943	930	1 127	1 591	2 716	2 716	2 716	1 951	2 056	2 169

**Table 65 MBRRTable SA2 – Matrix financial performance budget**

NC067 Khai-Ma - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)							
Description	Ref	Vote 1 - Municipal Manager	Vote 2 - Finance	Vote 3 - Corporate Services	Vote 4 - Infrastructure Development	Vote 5 - Economic Development	Total
R thousand	1						
<b>Revenue By Source</b>							
Property rates		–	5 066	–	–	–	5 066
Service charges - electricity revenue		–	–	–	9 016	–	9 016
Service charges - water revenue		–	–	–	6 584	–	6 584
Service charges - sanitation revenue		–	–	–	1 043	–	1 043
Service charges - refuse revenue		–	–	–	1 091	–	1 091
Service charges - other		–	–	–	–	–	–
Rental of facilities and equipment		–	187	–	–	–	187
Interest earned - external investments		–	–	200	–	–	200
Interest earned - outstanding debtors		–	250	–	1 746	–	1 996
Dividends received		–	–	–	–	–	–
Fines, penalties and forfeits		–	42	–	–	–	42
Licences and permits		–	72	–	–	–	72
Agency services		–	179	–	–	–	179
Other revenue		–	3	20	3	–	27
Transfers and subsidies		17 420	1 970	708	2 006	–	22 104
Gains on disposal of PPE		–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>17 420</b>	<b>7 769</b>	<b>928</b>	<b>21 489</b>	<b>–</b>	<b>47 606</b>
<b>Expenditure By Type</b>							
Employee related costs		3 898	3 690	10 502	8 626	1 408	28 125
Remuneration of councillors		3 241	–	–	–	–	3 241
Debt impairment		–	1 013	–	3 983	–	4 996
Depreciation & asset impairment		151	3	870	1 985	–	3 008
Finance charges		2	211	–	1 320	–	1 533
Bulk purchases		–	465	–	12 793	–	13 258
Other materials		53	60	853	4 306	–	5 271
Contracted services		59	1 752	673	1 688	80	4 252
Transfers and subsidies		–	–	–	–	–	–
Other expenditure		1 214	1 177	(4)	2 841	172	5 400
Loss on disposal of PPE		–	–	–	–	–	–
<b>Total Expenditure</b>		<b>8 617</b>	<b>8 370</b>	<b>12 894</b>	<b>37 544</b>	<b>1 660</b>	<b>69 085</b>
<b>Surplus/(Deficit)</b>		<b>8 803</b>	<b>(601)</b>	<b>(11 966)</b>	<b>(16 055)</b>	<b>(1 660)</b>	<b>(21 479)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	–	–	27 356	–	27 356
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>8 803</b>	<b>(601)</b>	<b>(11 966)</b>	<b>11 301</b>	<b>(1 660)</b>	<b>5 877</b>

References

**Table 66 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

NC067 Khai-Ma - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
<b>ASSETS</b>											
<b>Call investment deposits</b>											
Call deposits		-	-	-	400	400	400	400	400	400	400
Other current investments		-	-	-	-	-	-	-	-	-	-
Total Call investment deposits	2	-	-	-	400	400	400	400	400	400	400
<b>Consumer debtors</b>											
Consumer debtors		30 018	38 005	32 716	51 599	51 599	42 704	42 704	46 687	50 912	55 394
Less: Provision for debt impairment		(28 279)	(36 560)	(31 367)	(44 604)	(44 604)	(31 367)	(31 367)	(35 350)	(39 575)	(44 057)
Total Consumer debtors	2	1 739	1 445	1 349	6 995	6 995	11 337	11 337	11 337	11 337	11 337
<b>Debt impairment provision</b>											
Balance at the beginning of the year		23 503	28 279	36 560	39 654	39 654	39 654	39 654	31 367	35 350	39 575
Contributions to the provision		7 046	8 286	(5 193)	4 950	4 950	(8 287)	(8 287)	3 983	4 224	4 483
Bad debts written off		(2 270)	(5)	-	-	-	-	-	-	-	-
Balance at end of year		28 279	36 560	31 367	44 604	44 604	31 367	31 367	35 350	39 575	44 057
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (excl. finance leases)		128 963	137 383	142 749	164 166	162 635	169 338	169 338	196 844	205 523	214 347
Leases recognised as PPE		-	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation		19 819	25 836	29 055	28 589	28 589	31 987	31 987	34 988	37 990	40 992
Total Property, plant and equipment (PPE)	2	109 143	111 547	113 694	135 576	134 046	137 351	137 351	161 855	167 533	173 356
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)		-	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities		11	-	26	29	-	-	-	-	-	-
Total Current liabilities - Borrowing		11	-	26	29	-	-	-	-	-	-
<b>Trade and other payables</b>											
Trade and other creditors		12 727	16 484	24 139	9 238	6 938	6 938	6 938	24 149	20 580	19 890
Unspent conditional transfers		4 008	4 171	6 952	-	-	-	-	-	-	-
VAT		-	-	-	-	-	-	-	-	-	-
Total Trade and other payables	2	16 735	20 655	31 092	9 238	6 938	6 938	6 938	24 149	20 580	19 890
<b>Non current liabilities - Borrowing</b>											
Borrowing	4	-	-	29	-	-	-	-	-	-	-
Finance leases (including PPP asset element)		-	-	-	-	29	29	29	-	-	-
Total Non current liabilities - Borrowing		-	-	29	-	29	29	29	-	-	-
<b>Provisions - non-current</b>											
Retirement benefits		4 836	5 493	6 026	6 195	7 208	7 208	7 208	8 095	8 963	9 932
List other major provision items		-	-	-	-	-	-	-	-	-	-
Refuse landfill site rehabilitation		3 342	3 287	4 276	5 870	10 157	10 157	10 157	10 642	11 281	11 940
Other		-	-	-	-	-	-	-	-	-	-
Total Provisions - non-current		8 178	8 779	10 303	12 064	17 365	17 365	17 365	18 737	20 244	21 872
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance		49 812	61 758	53 567	89 639	89 639	89 639	89 639	97 667	103 769	90 368
GRAP adjustments		879	-	-	-	(7 913)	(5 145)	(5 145)	-	-	-
Restated balance		50 691	61 758	53 567	89 639	81 727	84 494	84 494	97 667	103 769	90 368
Surplus/(Deficit)		11 154	(8 058)	(4 368)	4 575	8 605	8 605	8 605	5 877	(13 627)	(14 196)
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	248	-	225	225	225	225	225	225	225
Other adjustments		(87)	(381)	131	-	-	4 342	4 342	-	-	-
Accumulated Surplus/(Deficit)	1	61 758	53 567	49 330	94 440	90 557	97 667	97 667	103 769	90 368	76 397
<b>Reserves</b>											
Housing Development Fund		16	16	16	16	16	16	16	16	16	16
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		29 970	29 835	28 362	29 271	29 271	29 271	29 271	28 137	27 911	27 686
Total Reserves	2	29 986	29 852	28 378	29 287	29 287	29 287	29 287	28 153	27 927	27 702
TOTAL COMMUNITY WEALTH/EQUITY	2	91 744	83 418	77 708	123 727	119 844	126 954	126 954	131 922	118 295	104 099

**Table 67 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

Detail on the provision of municipal services for A10											
Total municipal services	Ref		2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		<b><u>Household service targets (000)</u></b>									
		<b><u>Water:</u></b>									
		Piped water inside dwelling	81	84	70	1 282	1 282	1 282	1 332	1 502	--
		Piped water inside yard (but not in dwelling)	105	130	120	1 400	1 400	1 400	1 520	1 550	--
		Using public tap (at least min.service level)	--	--	--	--	--	--	--	--	--
		Other water supply (at least min.service level)	--	--	--	--	--	--	--	--	--
		Minimum Service Level and Above sub-total	186	214	190	2 682	2 682	2 682	2 852	3 052	--
		Using public tap (< min.service level)	--	--	--	--	--	--	--	--	--
		Other water supply (< min.service level)	--	--	--	--	--	--	--	--	--
		No water supply	--	--	--	--	--	--	--	--	--
		Below Minimum Service Level sub-total	--	--	--	--	--	--	--	--	--
		<b>Total number of households</b>	186	214	190	2 682	2 682	2 682	2 852	3 052	--
		<b><u>Sanitation/sewerage:</u></b>									
		Flush toilet (connected to sewerage)	81	84	70	1 356	1 356	1 356	1 456	1 525	--
		Flush toilet (with septic tank)	105	130	120	160	160	160	190	215	--
		Chemical toilet	--	--	--	--	--	--	--	--	--
		Pit toilet (ventilated)	--	--	--	450	450	450	450	450	--
		Other toilet provisions (> min.service level)	--	--	--	--	--	--	--	--	--
		Minimum Service Level and Above sub-total	186	214	190	1 966	1 966	1 966	2 096	2 190	--
		Bucket toilet	--	--	--	--	--	--	--	--	--
		Other toilet provisions (< min.service level)	--	--	--	--	--	--	--	--	--
		No toilet provisions	--	--	--	--	--	--	--	--	--
		Below Minimum Service Level sub-total	--	--	--	--	--	--	--	--	--
		<b>Total number of households</b>	186	214	190	1 966	1 966	1 966	2 096	2 190	--
		<b><u>Energy:</u></b>									
		Electricity (at least min.service level)	--	--	--	1 966	1 966	1 966	2 096	2 190	--
		Electricity - prepaid (min.service level)	212	231	120	1 358	1 358	1 358	1 371	1 399	--
		Minimum Service Level and Above sub-total	212	231	120	3 324	3 324	3 324	3 467	3 589	--
		Electricity (< min.service level)	--	--	--	--	--	--	--	--	--
		Electricity - prepaid (< min. service level)	--	--	--	--	--	--	--	--	--
		Other energy sources	--	--	--	--	--	--	--	--	--
		Below Minimum Service Level sub-total	--	--	--	--	--	--	--	--	--
		<b>Total number of households</b>	212	231	120	3 324	3 324	3 324	3 467	3 589	--
		<b><u>Refuse:</u></b>									
		Removed at least once a week	2 163	2 194	2 300	2 045	2 045	2 045	2 096	2 190	--
		Minimum Service Level and Above sub-total	2 163	2 194	2 300	2 045	2 045	2 045	2 096	2 190	--
		Removed less frequently than once a week	--	--	--	--	--	--	--	--	--
		Using communal refuse dump	--	--	--	--	--	--	--	--	--
		Using own refuse dump	--	--	--	--	--	--	--	--	--
		Other rubbish disposal	--	--	--	--	--	--	--	--	--
		No rubbish disposal	--	--	--	--	--	--	--	--	--
		Below Minimum Service Level sub-total	--	--	--	--	--	--	--	--	--
		<b>Total number of households</b>	2 163	2 194	2 300	2 045	2 045	2 045	2 096	2 190	--
Municipal in-house services	Ref		2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		<b><u>Household service targets (000)</u></b>									
		<b><u>Water:</u></b>									
		Piped water inside dwelling	81	84	70	1 282	1 282	1 282	1 332	1 502	--
		Piped water inside yard (but not in dwelling)	105	130	120	1 400	1 400	1 400	1 520	1 550	--
		Using public tap (at least min.service level)	--	--	--	--	--	--	--	--	--
		Other water supply (at least min.service level)	--	--	--	--	--	--	--	--	--
		Minimum Service Level and Above sub-total	186	214	190	2 682	2 682	2 682	2 852	3 052	--
		Using public tap (< min.service level)	--	--	--	--	--	--	--	--	--
		Other water supply (< min.service level)	--	--	--	--	--	--	--	--	--
		No water supply	--	--	--	--	--	--	--	--	--
		Below Minimum Service Level sub-total	--	--	--	--	--	--	--	--	--
		<b>Total number of households</b>	186	214	190	2 682	2 682	2 682	2 852	3 052	--
		<b><u>Sanitation/sewerage:</u></b>									
		Flush toilet (connected to sewerage)	81	84	70	1 356	1 356	1 356	1 456	1 525	--
		Flush toilet (with septic tank)	105	130	120	160	160	160	190	215	--
		Chemical toilet	--	--	--	--	--	--	--	--	--
		Pit toilet (ventilated)	--	--	--	450	450	450	450	450	--
		Other toilet provisions (> min.service level)	--	--	--	--	--	--	--	--	--
		Minimum Service Level and Above sub-total	186	214	190	1 966	1 966	1 966	2 096	2 190	--
		Bucket toilet	--	--	--	--	--	--	--	--	--
		Other toilet provisions (< min.service level)	--	--	--	--	--	--	--	--	--
		No toilet provisions	--	--	--	--	--	--	--	--	--
		Below Minimum Service Level sub-total	--	--	--	--	--	--	--	--	--
		<b>Total number of households</b>	186	214	190	1 966	1 966	1 966	2 096	2 190	--
		<b><u>Energy:</u></b>									
		Electricity (at least min.service level)	--	--	--	1 966	1 966	1 966	2 096	2 190	--
		Electricity - prepaid (min.service level)	212	231	120	--	--	--	--	--	--
		Minimum Service Level and Above sub-total	212	231	120	1 966	1 966	1 966	2 096	2 190	--
		Electricity (< min.service level)	--	--	--	--	--	--	--	--	--
		Electricity - prepaid (< min. service level)	--	--	--	--	--	--	--	--	--
		Other energy sources	--	--	--	--	--	--	--	--	--
		Below Minimum Service Level sub-total	--	--	--	--	--	--	--	--	--
		<b>Total number of households</b>	212	231	120	1 966	1 966	1 966	2 096	2 190	--
		<b><u>Refuse:</u></b>									
		Removed at least once a week	2 163	2 194	2 300	2 045	2 045	2 045	2 096	2 190	--
		Minimum Service Level and Above sub-total	2 163	2 194	2 300	2 045	2 045	2 045	2 096	2 190	--
		Removed less frequently than once a week	--	--	--	--	--	--	--	--	--
		Using communal refuse dump	--	--	--	--	--	--	--	--	--
		Using own refuse dump	--	--	--	--	--	--	--	--	--
		Other rubbish disposal	--	--	--	--	--	--	--	--	--
		No rubbish disposal	--	--	--	--	--	--	--	--	--
		Below Minimum Service Level sub-total	--	--	--	--	--	--	--	--	--
		<b>Total number of households</b>	2 163	2 194	2 300	2 045	2 045	2 045	2 096	2 190	--

Table 68 MBRR SA32 – List of external mechanisms

NC067 Khai-Ma - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
SEDIBENG	Yrs	ONGOING	WATER	ONGOING	
PAYDAY	Yrs	ONGOING	MAINTENANCE AGREEMENT	ONGOING	
BUSINESS CONNEXIONS	Yrs	ONGOING	MAINTENANCE AGREEMENT	ONGOING	
CONTOUR	Yrs	ONGOING	MAINTENANCE AGREEMENT	ONGOING	

Council approved the Budget at a Special Council meeting held on 30 May 2018.



P.A. van Heerden

Mayor

30 May 2018



# Khâi-MA

MUNISIPALITEIT



MUNICIPALITY

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**Verw.:**

**Ref. F/2**

**Enquires:** P.J. van der Merwe

**Date :** 30/05/2018

## QUALITY CERTIFICATE

### DRAFT BUDGET 2018/2019

I, O.J. Isaacs, Municipal Manager of Khâi-MA Municipality, hereby certify that the annual budget and supporting documents have been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act, and that the Annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.



.....  
O.J. Isaacs

Municipal Manager of Khâi-MA Municipality NC067